Crowdfunding: A rapidly-evolving finance model

→ Money wise
(viz: Crowdfunding Industry Report)

→ Market wise
active crowdfunding platforms:

→ Regulation wise → JOBS act in US (regulating investment crowdfunding).
EU legal framework – soon.
Context

Crowdfunding in media discourse:
- extensive media coverage
- marketing & success tips
- success stories
- growth of investment crowdfunding

Crowdfunding in academic discourse:
- critical research slowly growing
- insights point to crowdfunding limitations, ethical concerns, unclear dynamics

Missing voice: the artists & small entrepreneurs’ perspective.
About the toolkit
(website demo)

Interviews with crowdfunders
insights in their crowdfunding experience

Survey & visualize statistics
for a better understanding of what crowdfunding involves

Interactive visualization
that allows potential campaigners to filter and sort crowdfunding platforms according to their project’s specific needs
1. Interviews

Insights in the crowdfunding process from creatives’ perspective
8 interviews with artists & creative entrepreneurs (film, dance, design etc)

Key findings (positives)

➔ Build an audience
➔ Test ideas & quick feedback
➔ Ability to involve far away friends and family
➔ Independency from public money politics

Key Insights (negative)

➔ Time consuming and considerable effort
➔ Difficult tasks needed expert input
➔ Platform confuses the relation with the crowd
➔ Too much reliability on personal networks
➔ Little research available before hand/go with the flow
2. Quantifying experiences - survey

Survey: What does the crowdfunding process involve from the campaigners?

Questions: amount of time, average money donated, number of funders, special skills, kind of involvement, would you crowdfund again - why (not)?

Survey ran March-April 2014
60 responses.
Category

Please choose the category of your crowdfunded project

N' OF ANSWERS

1
20
3
4
9
9
0
7
8

PUBLISHING
VISUAL ARTS
DESIGN
PERFORMING ARTS
MUSIC
CREATIVE BUSINESS
RESEARCH AND SCIENCE
TECHNOLOGY
OTHER
Time effort

How many hours per week did you spend on the crowdfunding campaign?

AGGREGATE VALUES - NUMBER OF ANSWERS

14
< 5 h

19
5 - 10 h

13
11 - 20 h

6
21 - 30 h

9
> 30 h
Time effort

What percentage of the total time did you dedicate to the following activities?

<table>
<thead>
<tr>
<th>Activity</th>
<th>N° of Answers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Writing the pitch text</td>
<td>49</td>
</tr>
<tr>
<td>Preparing visual materials</td>
<td>36</td>
</tr>
<tr>
<td>Promoting the campaign</td>
<td>18</td>
</tr>
<tr>
<td>Handling the rewards</td>
<td>49</td>
</tr>
</tbody>
</table>

- 0-25%: 11
- 26-50%: 24, 30, 10
- 51-75%: 1, 1, 9, 2
- 76-100%: 4
Funders

What percentage of the total number of funders are represented by the following categories?

<table>
<thead>
<tr>
<th>Category</th>
<th>0-25%</th>
<th>26-50%</th>
<th>51-75%</th>
<th>76-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FAMILY &amp; FRIENDS</td>
<td>24</td>
<td>19</td>
<td>12</td>
<td>6</td>
</tr>
<tr>
<td>COLLEAGUES &amp; ACQUAINTANCES</td>
<td>44</td>
<td>16</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>CONNECTIONS OF YOUR COLLEAGUES &amp; AQUAINTANCES</td>
<td>53</td>
<td>6</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>STRANGERS</td>
<td>42</td>
<td>11</td>
<td>2</td>
<td>0</td>
</tr>
</tbody>
</table>
Average donation: 
67,7 euro

Average no. of funders (donation only): 
98
Average donation
- What was the most common donation amount received from your funders?
Average number of funders

- How many funders did your crowdfunding campaign have?
Would you crowdfund again?

Yes: 36  
No: 12  
Undecided: 13

Challenges:
- Intense amount of work
- Tapping into friends and family perceived as a humiliating process.
- Effort versus gains – not worth it

Doing it differently next time:
- Combine crowdfunding with public/private funding
- Switch from donation to investing.
- Be more prepared beforehand (know-how, materials, contacts)
- External help (campaign assistants and managers)
- Be more realistic about the amount they ask
- Use crowdfunding for promotion rather than finance
- Tap into wider audiences
- Switch platforms & use more than one
A visual toolkit for crowdfunding beginners

Identify the relevant crowdfunding platforms for your project

<table>
<thead>
<tr>
<th>PROJECT CATEGORY</th>
<th>FUNDING MODEL</th>
<th>REWARD</th>
<th>PROJECT BUDGET</th>
<th>SORT BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>All</td>
<td>• All</td>
<td>All</td>
<td>Default</td>
</tr>
<tr>
<td>Publ. and Journalism</td>
<td>Equity shares</td>
<td>Symbolic</td>
<td>Small</td>
<td>Success Ratio (SR)</td>
</tr>
<tr>
<td>• Visual Arts</td>
<td>Donation</td>
<td>Shares</td>
<td>• Medium</td>
<td>Avg funders/project (AF)</td>
</tr>
<tr>
<td>Design</td>
<td>Loans with interest</td>
<td>Product</td>
<td>• Large</td>
<td>• Avg donation (AD)</td>
</tr>
<tr>
<td>Performing arts</td>
<td>Pre-orders</td>
<td>None</td>
<td>N.A.</td>
<td>Raised sums</td>
</tr>
<tr>
<td>Music</td>
<td>Subscription</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creative business</td>
<td>N.A.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and science</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
A visual toolkit for crowdfunding beginners

Identify the relevant crowdfunding platforms for your project

<table>
<thead>
<tr>
<th>PROJECT CATEGORY</th>
<th>FUNDING MODEL</th>
<th>REWARD</th>
<th>PROJECT BUDGET</th>
<th>SORT BY</th>
</tr>
</thead>
<tbody>
<tr>
<td>CrowdAboutNow (3)</td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CrowdAboutNow (2)</td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CrowdAboutNow (1)</td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verkami (ES)</td>
<td>2010</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CineCrowd</td>
<td>2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ulule (FR)</td>
<td>2012</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **CrowdAboutNow (3)**: Niche: Budgets, Model: Loans with interest, Reward: Yes, Raised sum: 152,500€
- **CrowdAboutNow (2)**: Niche: Budgets, Model: Equity shares, Reward: Yes, Raised sum: 152,500€
- **CrowdAboutNow (1)**: Niche: Budgets, Model: Donation (all or nothing), Reward: Yes, Raised sum: 152,500€
- **Verkami (ES)**: Niche: Budgets, Model: Donation (all or nothing), Reward: Yes, Raised sum: 8,070,000€
- **CineCrowd**: Niche: Budgets, Model: Donation (all or nothing), Reward: Yes, Raised sum: 800,000€
- **Ulule (FR)**: Niche: Budgets, Model: Donation (all or nothing), Reward: Yes, Raised sum: N/A
CineCrowd 2011

- SR (%) 93
- AF (n) 70
- AD (€) 25

Niche: Visual Arts

Budgets:
- S
- M x
- L

Model: Donation (All or Nothing)

Reward: YES

Raised sum: 800,000€
CineCrowd filmmakers’ insights

- Crowdfunding covers part of a film’s budget
- Public funds for first phase → private sponsorship for middle phase → crowdfund when you have something to show
- Biggest challenge: push the campaign midway through
- Time & Effort
Challenges & next steps

How to have the toolkit constantly updated?

Toolkit online - July

Come talk to us if you have ideas!

irina@networkcultures.org
r.m.van.boeschoten@hva.nl