



Erasmus +

CRUCIAL (Crowdfunding Capital)

2015-1-IE01-KA202-008626 2017

CRUCIAL Crowdfunding

CRUCIAL Crowdfunding is an ERASMUS+ supported project, designed to inform all the different stakeholders who can potentially benefit from this innovative means of funding business ventures i.e. ewntrepreneurs and SMEs including start-ups and social enterprises, and those looking to support business with investment. In addition those support agencies such as Innovation Centres, Cluster

managers, and organisations, both public and private that look to support business and economic development, locally, regionally and nationally will be able learn more about how to use and promote Crowdfunding.

The main output is the totally free access learning platform www.crucialcrowdfunding.com designed to help prepare the crowdfunder for success.

CRUCIAL Partners



Mullingar Employment Action Group
Mullingar, Ireland
www.meag.ie



Youth in Science and Business Foundation
Tallinn, Estonia
www.ysbf.org



Institute of Entrepreneurship Development
Larissa, Greece
www.ied.eu



GLAFKA s.r.o.
Prague, Czech Republic
www.glafka.cz



Malta Communications Authority (MCA)
Valletta, Malta
www.mca.com.mt



Dramblys (Social Creativity Lab)
Albacete, Spain
www.dramblys.org



RLN (UK) Ltd.
United Kingdom
www.rln-uk.com



CRUCIAL is co-funded by the EU through ERASMUS+.

Project: CRUCIAL (Crowdfunding Capital)

2015-1-IE01-KA202-00862

The European Commission support for the production of this publication does not constitute an endorsement of the contents which reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

CRUCIAL Crowdfunding 02

Chapter 1

What is crowdfunding? 04

Chapter 2

Why does crowdfunding work? 05

Chapter 3

The pros and cons of crowdfunding 06

Chapter 4

What are the risks with crowdfunding? 07

Chapter 5

Tips for crowdfunding investors 08

Chapter 6

Crowdfunding platforms 09

Chapter 7

Case studies 14

Chapter 8

Crowdfunding Checklist 28



Chapter 1 - What is crowdfunding?



Traditional Funding - Large amounts from one, or a few, sources

Crowdfunding is the process of asking the general public for start-up capital for new ventures. Entrepreneurs and small business owners can bypass venture capitalists and angel investors entirely and instead pitch ideas straight to everyday internet users, who provide the financial backing.

In fact, a Crowdfunding campaign can bring with it more than financial support: the project owners can gain from early validation of the idea, and get an indication of market scope, glean feedback, win fans and open the opportunity to profit from public recommendations about how to directly improve the project.

Crowdfunding has become a major trend in the field of business financing. Established companies as well as small start-ups are using Crowdfunding to great effect as a means of accruing capital for their projects, via more than 500 platforms. EU crowdfunding platforms operate a diverse range of funding types which we have summarised by five broad headings, as follows:



Crowdfunding - Many small sums from a large group of individuals.

Loan based - is when a crowd lends money to a person or company on the understanding that their money will be returned to them with interest added.

Reward based - is when a crowd gives money to a person or company and in return gets a reward for their contribution. Rewards vary from project to project and depending on the amount given you can receive a high 5 or a state of the art smart watch. It's generally considered to be a method of pre sales.

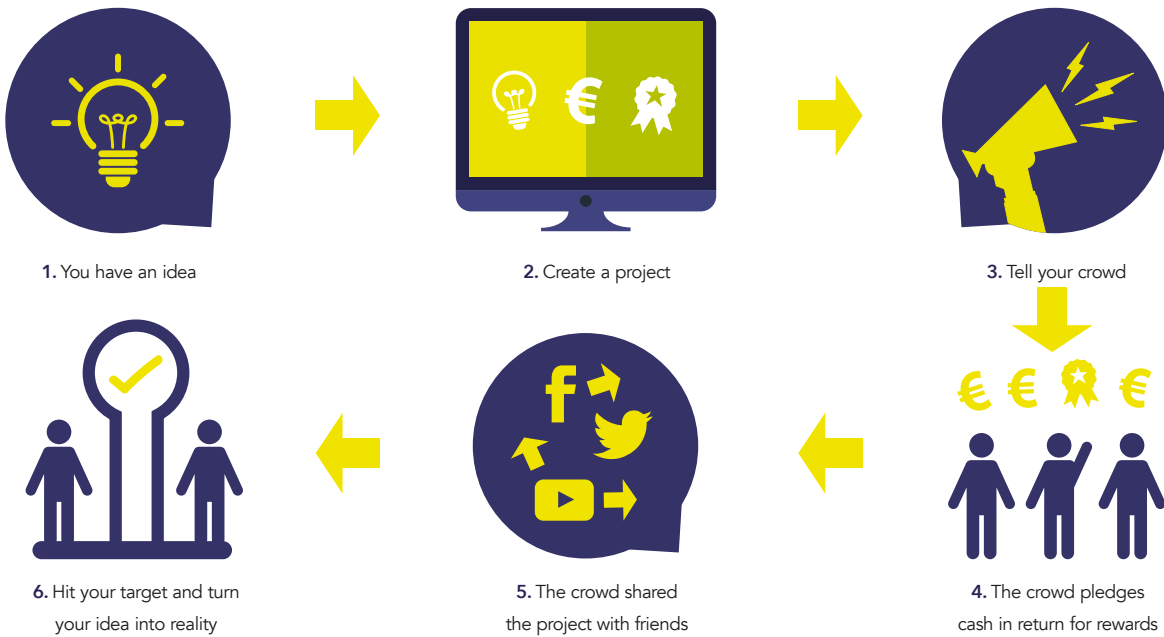
Equity based - The crowd invests in a company in return for shares. If that company is successful, the shares that you own will be worth more than you paid for them. If the business fails, you will lose your investment.

Donation based - is where a person gives money to a project and does not expect anything in return. These campaigns are almost always for a charitable cause.

Invoice trading - allows companies to receive an immediate cash advance rather than wait 30, 60 or even 90 days for their customers to pay. Companies will however pay a small percentage on each invoice.



Chapter 2 - Why does crowdfunding work?



Crowdfunding works for many reasons. It appeals to people who want to feel like they are a part of something – that they contributed in the rise of a small business and can be part of a viral campaign phenomenon that raised millions and possibly become a part of Crowdfunding history. As an investor, Crowdfunding allows you to pick up some unique rewards in return for your investment, or to get involved at an early stage in what could be an exciting and possibly financially rewarding new business.

So, why does Crowdfunding work? There are many things about Crowdfunding that appeal to funders and to investors, including the following:

- It allows you to appeal to people who want to be a part of something.
- It allows people to make small monetary investments.
- It lets companies get some pre sales of a product to test the market and also helps them develop a network of followers.
- It offers exclusivity... campaign owners can offer exclusive rewards to their first backers.
- It is transparent - Having high quality and clear video, pitch and rewards allows backers to fully understand where their money is going and that your campaign can be trusted.
- Crowdfunding is direct marketing.



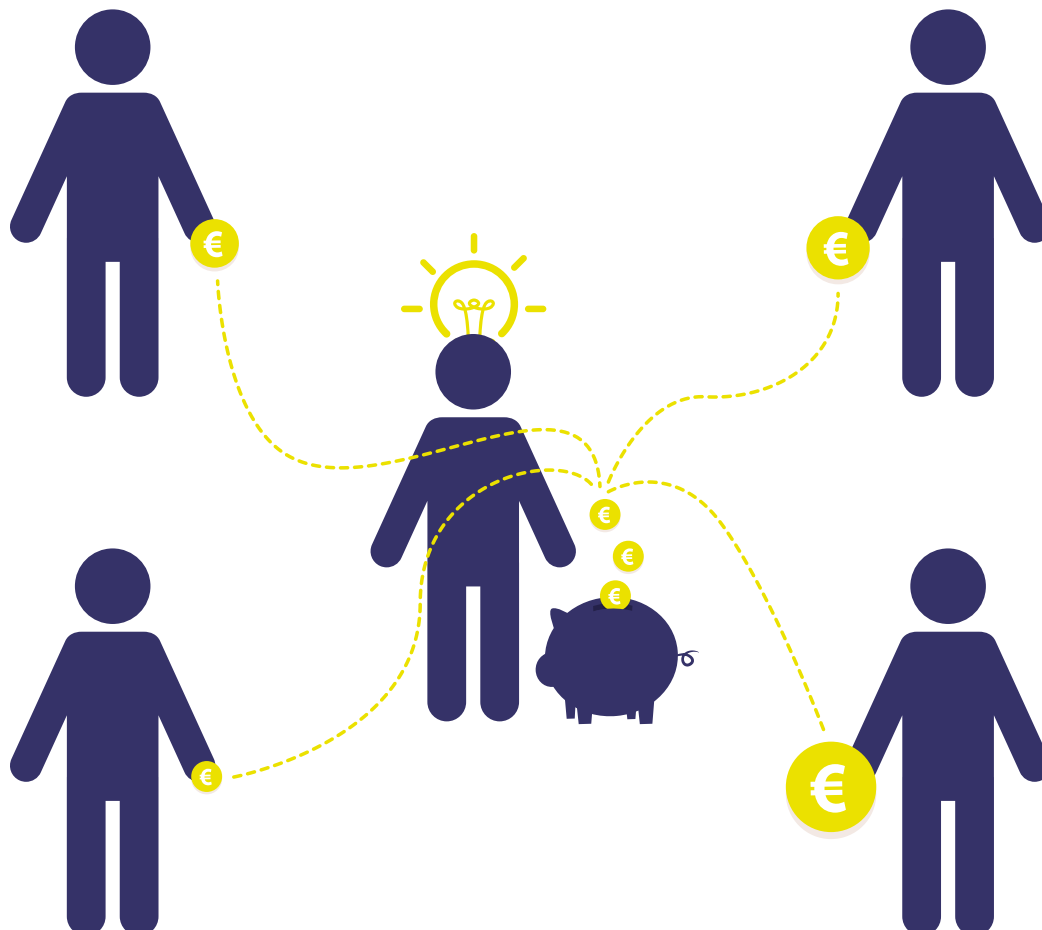
Chapter 3 - The pros and cons of crowdfunding

Listed below are some of the advantages of crowdfunding and why any SME or Entrepreneur should consider it as part of their financing portfolio:

- It can provide access to capital.
- It can help hedge against risks associated with new product launch.
- It can be an excellent marketing tool, and allow you to test elements of your marketing approach.
- It can provide proof of concept, and help you test and prove the popularity of your product.
- It introduces prospective loyal customers.
- Your backers become part of your marketing team.
- It provides the opportunity for pre-selling.
- The project may receive unexpected and useful advice, and even tangible offers of assistance.
- If at first you don't succeed, you can try again.

On the flip side, there can be negative consequences associated with crowdfunding, including the following:

- It can be stressful, and requires tireless effort to succeed.
- It is not like a traditional product pitch – the crowd funder must be clear on who is the target consumer, and will require knowledge of consumer marketing, social networks and social marketing techniques.
- It requires a high level of creativity in how you publicise and promote the offering.
- The business / product is immediately in front of the public, and competitors.
- The project must be sufficiently interesting to a sufficient number of people to have a chance of success.
- Any successful project requires dealing with a large number of stakeholders all with different expectations and demands.
- Lack of guidance.
- You will need an advanced knowledge of social media.
- Projects compete against other projects as well as industry competitors.
- It doesn't always work.
- Even if the project gets funded, it may still fail for other reasons (legal, moral & reputational consequences).





Chapter 4 - What are the risks with crowdfunding?

These are some of the potential risks of crowdfunding:

Patents, Trademarks and Copyright - Most crowdfunded projects, whether technology-focused or arts related involve intellectual property. Public disclosure of intellectual property can have a significant effect on its legal status. It is important that you understand the fundamentals underpinning copyright law and practice, and understand the different types of rights which copyright and related rights law protects, as well as the limitations on those rights. It is also important to understand transfer of copyright and provisions for enforcement.

Ownership of Submitted Materials - Another risk faced by those who use crowdfunding is the ownership of ideas submitted by the public. Most crowdfunding websites permit members of the public to comment on projects, and in many cases, these comments include recommendations that they are later incorporated into the project. One question that comes to mind is whether the project creator can use these ideas without attribution or without compensation to the person who contributed to them? On some crowdfunding websites, the terms of use specifically define that the project creator owns rights to all submitted comments. Others do not define ownership, leaving the parties to negotiate or litigate an answer if a project becomes highly successful.

Meeting Obligations - Those submitting projects to crowdfunding websites no longer promise equity in exchange for donations. Yet they do make other promises. Many projects provide a list of perks or rewards for donors. A small donor might receive a thank-you card; a large donor might receive autographed artwork or a prominent mention on a tech company's website. In some cases, the project creator will not receive donated money unless funding goals are reached. But a project originator who fails to live up to promised perks may face legal liability, as well as risk becoming black-listed in the crowdfunding community.

General Business Standards - Underlying the three risks discussed above is the fundamental problem that those seeking crowdfunding - often individual artists, start-ups or small businesses - may be less likely to understand or take time to attend to business and legal standards. This casual approach may cause project originators to fail to set up a legal entity to operate the project even when doing so would make much more sense and provide liability protection. Many also neglect to report or pay taxes on contributed funds. Along similar lines, others have erroneously referred to their project (or a legal entity they have setup) as a non-profit without fulfilling or even applying for that status through the Internal Revenue Service. Lastly, a small company may ignore securities laws that would require private placement memoranda, reporting requirements of compliance with other regulations.

The core problem governing these risks is that small companies and individuals who seek crowdfunding are less likely to budget for professional services that would allow them to manage their business and legal obligations. While this is understandable, those using crowdfunding would be well-advised to recognize the obligations and risks that they assume when they and their plans become visible to thousands of people - and when they begin making promises that their donors will expect to see fulfilled.



Chapter 5 - Tips for crowdfunding investors

- **Understand the project:** Make sure you understand the business or project, how and when you might get a return, whether you will receive an equity share in the business or a regular dividend or interest payment, and the risks involved before investing in a crowdfunded project.
- **Understand the rules of the platform:** Find out how your investment is protected if the business, project or even the crowdfunding platform collapses – in particular check whether the business has appropriate cash reserves or even insurance supporting it if it fails.
- **Invest in what you know:** If you work in ICT or hospitality, for example, you can use your expertise to help make better informed decisions.
- **Consider the options:** You might want to consider lending money to a company rather than buying a share, in which case risks may be lower, as will returns.
- **Research effectively:** Read through websites, case studies and forums and work out what people are saying about a business model, evaluate and ask your own questions.





Chapter 6 - Crowdfunding platforms

Below is an introduction to some of the more popular crowdfunding sites that have different models and focuses. This list is not exclusive, but may help the prospective entrepreneur to find the right place for the crowdfunding goals and needs.

Funding Circle

Funding Circle is a loan platform exclusively focused on small businesses, and operates in UK, USA, Germany, Spain and the Netherlands. Businesses can borrow directly from a wide range of investors. Applications are handled and (when approved) hosted online to attract investors with funds available for successful applications within a couple of weeks.

Main Features of Funding Circle

- Loan based crowdfunding, secured and unsecured.
- Exclusively focused on small business.
- Operates in UK, USA, Germany, Spain and Netherlands.
- Typically loan requests turned around in 24 hours.
- Conducts credit history checks on borrowers.
- Has implemented a rating system.
- Rates range from 7% - 18%.

Zopa

Zopa is the longest running loan site, established in 2005 and redesigned in 2013 to reflect the market need of 'simple to use' fixed-rate savings plans. The rate offered to savers already incorporates their fees and a contribution to their Safeguard fund which is designed to cover any potential bad debt provision. This lowers the rate of return slightly, compared to other sites. The most you can borrow is £25,000 for a period of up to 5 years... at rates typically of about 10% including fees.

Main Features of Zopa

- The World's oldest and Europe's largest Loan based crowdfunding service.
- Borrowing maximum £25,000 over 5 years.
- Primarily focused on consumer lending, (business loans also possible).
- Operates in UK, USA and Italy.
- Rates typically around 10%.

Ratesetter

Ratesetter is one of the first hybrid loan sites that offers both consumer and business loans. Each sector is differentiated by loan size. The amounts that they can fund are for personal loans up to £25,000, business loans up to £1M, and property development loans up to £3.5M. They have Government support via the British Business bank and claim to be able to process an online application within 2 weeks, offering no penalty for early repayment and terms from 3 months to 5 years.

Main Features of Ratesetter

- Loan based crowdfunding, consumer and business loans.
- Borrowing maximum £25,000 personal, £1m business, £5m real estate.
- Operates in UK and Australia (No mainland European service as yet).
- Offers pension / investment schemes.
- Has a bad debts provision fund.



Thincats

Thincats is a loan site that was launched in 2011 following the banking crisis of 2008. ThinCats uses a slightly different business model in that the lenders can choose their bid amount and preferred interest rate for an investment via an auction system that dynamically matches supply with demand. They use a back office of sponsors who provide support in loan application development to improve the success rate and deliver a form of "Crowd due diligence". This increases the applicant's costs but also increases their chances of success.

Main Features of Thincats

- Focused on business loans.
- Operates a loan 'auction' system.
- 'Back Office Sponsors' provide application development support.
- Rates typically around 11%.
- Loans are typically secured against assets or guarantees.
- Offers pension / investment schemes.

Kickstarter

Kickstarter was officially launched on 28 April 2009, however the initial idea of Kickstarter dates back to 2001. Nowadays Kickstarter is one of the most popular Reward crowdfunding platforms focused on creative projects. Kickstarter seeks for transparency and therefore publishes detailed statistics about successful and failed projects, amount of funds raised, etc.

Main Features of Kickstarter

- World's most popular, most successful crowdfunding platform.
- Exclusively Reward based crowdfunding.
- Operates 'All-Or-Nothing' funding type.
- Mainly utilised by Cultural-Creative projects.
- Facilitates backers from all over the world.
- Accepts projects from many European countries (UK, Netherlands, Denmark, Ireland, Norway, Sweden, Germany, France, Spain, Austria, Belgium, Switzerland and Luxembourg).
- Project creator can be a person or a legal entity.

Indiegogo

Indiegogo is a U.S. reward based crowdfunding platform officially launched in January 2008. Indiegogo was one of the first crowdfunding platforms and initially had a main focus on film projects. Indiegogo is interested in bringing equity-based crowdfunding to the platform through its 'Enterprise Crowdfunding' initiative.

Main Features of Indiegogo

- Indiegogo is U.S. based reward based crowdfunding platform
- Operates 'All-Or-Nothing' and 'Take-It-All' funding types
- Accepts diversity of projects including Creative, Social, Business, Technology
- Provides programmes for enterprises to crowdfund

KissKissBankBank

KissKissBankBank is a French reward crowdfunding platform. At the moment the KissKissBankBank is available in several languages: French, Dutch, English, German, Italian and Spanish. Projects on the platform can be submitted by creators from all over the world.

Main Features of KissKissBankBank

- KissKissBankBank is a French based reward based crowdfunding platform.
- Available in several languages (French, Dutch, English, Spanish, German, Italian).
- Accepts projects from all over the world.
- Operates 'All-Or-Nothing' funding type.
- Mainly utilised by 'Creative' projects.



Crowdcube

Crowdcube is the world's leading equity investment crowdfunding platform which was established in 2011 as an equity crowdfunding platform that allowed people the chance to buy equity in unlisted UK registered businesses in exchange for their investment. From June 2014, Crowdcube offered investors two types of investment opportunities, equity and mini-bonds (lending money). Crowdcube currently takes projects from Spain and UK.

Main Features of Crowdcube

- World's leading investment Equity crowdfunding platform
- Also offers 'mini-bonds' lending
- Aimed at entrepreneurs, start-ups and early stage enterprise
- Offers pension and investment schemes
- Available in UK and Spain
- Regulated by Financial Conduct Authority

MyMicroInvest

MyMicroInvest is a "Venture Capital" equity investment platform which uses crowdfunding techniques to allow European start-ups and SMEs raise investment from individuals (the crowd) alongside professionals. Individuals can invest (from €100) in companies listed on MyMicroInvest in conjunction with investment professionals and under the same financial conditions.

Main Features of MyMicroInvest

- Venture Capital Equity Crowdfunding.
- Back office develops a funding model for projects.
- Private investors and professional investments.
- Available to all EU companies.
- Focus on innovative start-ups.

Symbid

Symbid (also known as The Funding Network) is an online funding platform providing access to traditional and alternative finance for small and medium-sized enterprises. Symbid was founded in April 2011 as one of the first equity investment crowdfunding platforms worldwide and currently operates in the Netherlands and Italy. In March 2015, Symbid launched its solution to the SME funding problem: The Funding Network™. The Funding Network™ gives entrepreneurs direct access to all forms of finance.

Main Features of Symbid

- Hybrid platform aka 'The Funding Network'.
- Offers Equity, Loan, Invoice Trading, Venture Capital etc.
- Bundles investors into a cooperative legal entity.
- Available in the Netherlands, Italy and expanding to EU.
- Focus on Small and Medium Enterprises.

MarketInvoice

MarketInvoice was created by people working in financial services, financial institutions and investment banking to help businesses sell their invoices online. Businesses can raise finance in 24 hours using their peer-to-peer lending platform that uses a wide network of investors who buy those invoices. It is essentially a peer-to-peer financing platform in which funds are given by the investors worldwide.

Main Features of MarketInvoice

- UK based Invoice Trading platform.
- 24 trading process in 'three clicks.'
- Wide network of vetted investors.
- Institutional investors and 'High Net Worth' individuals.
- Average fee 1%-3% of invoice value.

Platform Black

Platform Black allows any business trade invoices online. The business pays a small percentage on each invoice and they can sell as many or as few invoices as they like. Platform Black claims 100% success rate since it was founded in 2012. This means that every business that ran an auction in the platform, got the finance it wanted at a price it set, or sometimes even at a smaller price.

Main Features of Platform Black

- UK Based Invoice Auction platform.
- Claims 100% success rate.
- Used by businesses of all sizes/sectors.
- Minimum invoice £5,000.
- Minimum company worth £50,000.



InvoiceFair

InvoiceFair, founded in 2014, is an online marketplace where businesses in the UK and Ireland can quickly generate funds by selling single invoices of their selection. This online marketplace platform provides speed and connectivity and solves the needs of both the company and investors. The company can ensure access to the finance they need to grow.

Main Features of InvoiceFair

- Ireland based Invoice Trading platform.
- Also available to UK.
- Minimum annual revenue (actual or forecast) £500k.
- Minimum invoice (bundle) £20,000.
- Institutional investors and 'High Net Worth' individuals.
- Open to global investors.

Crowdfunder

Crowdfunder.com is the platform for raising investment, and has one of the largest and fastest growing network of investors. After getting rewards-based funding on Kickstarter or Indiegogo, companies are often giving the crowd the opportunity to invest at Crowdfunder to raise more formal investment. Crowdfunder offers equity crowdfunding currently only from individuals, angel investors, Venture Capitalists

Main Features of Crowdfunder

- USA based Equity Based crowdfunding.
- Many projects progress from Kickstarter/Indiegogo.
- Exclusively targets business ventures.
- Suitable for start-ups and SMEs.
- Welcomes non-US based projects (but only US investors).

RocketHub

RocketHub is a New York based reward crowdfunding platform launched in 2010. RocketHub has distinguished itself from other crowdfunding platforms by securing the support of the US Government and top industry leaders. Through its partnership with the US Department of State, RocketHub operates in 190 different countries globally. In April 2015 RocketHub was acquired by EFactor Group Corp. EFactor owns and operates a number of companies focused on entrepreneurship.

Main Features of RocketHub

- USA based Reward Based crowdfunding.
- Raise money anywhere in the world.
- Arts, Sciences, Business and Social projects.
- Keep funds even if goal not met.

Seedrs

UK based Seedrs launched in 2012 and is the first regulated equity crowdfunding platform in the world and accepts projects from anywhere in the EU/EEA. Each business decides how much money it wants to raise in exchange for a certain percentage of its equity, and each investor's equity interest will be proportionate to the size of their investment. Investors can invest from a minimum of £10, the maximum investment is up to each individual business.

Main Features of Seedrs

- UK based Equity Crowdfunding platform.
- Minimum investment £10.
- Open to early stage start-ups and SMEs.
- Open to all industries.
- Accepts projects from EU / EEA.



Companisto

Companisto, founded in 2012, is a pan-European equity based crowdfunding platform and is one of the leading crowdfunding platforms in Europe. The founders, who are both lawyers, used their knowledge of corporate law to create and implement the most stringent crowd-investing vetting processes, from which only the most promising companies emerge. There is a minimum investment of €5 and the max is €100,000, with no limit on how much a start-up can raise.

Main Features of Companisto

- German Equity Based Crowdfunding Platform.
- Open to 'Pan European' projects.
- Targets Start-ups and SMEs.
- Minimum investment €5, from any country.

Investor

Investor is a pioneering equity based crowdfunding platform founded in 2011 in Helsinki, Finland. It is the first European crowdfunding platform with a pass portable MiFID (Markets in Financial Instruments Directive) licence for investment advice, reception and transmission of orders, and placing of financial instruments. They provide an online investment matching service where entrepreneurs looking to raise equity financing can easily connect with investors who are seeking to discover and invest in exciting growth

companies.

Main Features of Investor

- Finland based Equity Crowdfunding platform.
- Open to Entrepreneurs, Start-ups and SMEs.
- Pan European and American projects.
- Finland, UK, Sweden, Denmark, Norway, Iceland.



Chapter 7 - Case Studies

Below is a number of real case studies of actual crowdfunded projects from different countries in Europe.

Case Study 1

Campaign Details

Country	Malta
Type	Social Cause
Successful	YES
Platform(s)	ZAAR.com.mt
Start Date	23/02/2016
Finish Date	30/09/2016
Duration	7 months

Organisation

Survivors Malta was a non-registered support group at the time of the crowdfunding campaign who teamed up with JCI Malta, a registered voluntary organisation to support them in collecting funds to build Pet visitation cabin at Malta's General Hospital – Mater Dei.

This was a first attempt at funding such a campaign through crowdfunding. Support & advice was given from ZAAR & their PR team.

Describe the Crowdfunding organisation and give a brief explanation of the crowdfunding case.

Survivors Malta: <http://titaniumman.com.mt/about/>

JCI Malta: www.jci.org.mt

Crowdfunding Campaign: <http://www.zaar.com.mt/projects/reunited-mater-dei-pet-cabin/>

Amount Sought €13,000

Amount Raised €15,490

Before Campaign

How did they choose the platform?

We chose the platform ZAAR because it's the first Maltese crowdfunding platform which would appeal more to a Maltese audience. Choosing ZAAR was also based on the opportunity provided by them to support us without charging us any entry fees.

What type of communication did they use?

We had face to face meetings with the crowdfunding manager and also continuous communication over email.

How long did it take to prepare for the campaign?

Around 2 months.

Did they have the expertise in-house, or did they engage experts?

We had support from ZAAR crowdfunding manager.

Was it promoted on social media?

YES using Facebook

Any problems? Or pleasant surprises?

Minor technical problems at the beginning which were solved within a short timeframe.

During Campaign

Did it take off quickly?

We had a press conference held at the General Hospital Lobby preceded by the Minister for Health and the CEO of the hospital. This helped to gain press coverage.

Was there a 'buzz'?

YES! The cause, which is to allow patients to see their pets whilst in care is a topic which is at heart to many people.

How did you promote the campaign, maintain the buzz?

We had the support of the PR team from ZAAR to maintain the buzz and also got called on several TV stations for interviews.

Did you hit your target? How did that feel?

We managed to hit the target thanks to sponsorships received from various individuals, other organisations and companies including NESTLE Malta and other voluntary organisations.

Crowdfunding Campaign <http://www.zaar.com.mt/projects/reunited-mater-dei-pet-cabin/>

After Campaign

We gave frequent updates via social media on the progress of the PET Cabin. We are still waiting the go ahead from the authorities however to proceed with the building.



Case Study 2

Campaign Details

Country	Estonia
Type	Reward based
Successful	YES
Platform(s)	Kickstarter
Start Date	17.11.2016
Finish Date	17.12.2016
Duration	1 month

Organisation

Click and Grow Ltd. is an Estonian start-up company which is developing a smart indoor garden. This electronic "herb pot" helps people to easily grow various fresh foods indoors. They have been rather successful in promoting themselves and their indoor gardens in Estonia and abroad. They now have more than 20 employees in offices in Estonia and San Francisco.

Click & Grow selected crowdfunding because it gives a good possibility to market their product and to find innovative early-adopter customers.

This campaign in 2016 was their second crowdfunding campaign on Kickstarter. The first one was in 2013, when they managed to raise \$625 851. Kickstarter was the logical choice for this campaign, as they had already been running a successful campaign earlier on the same platform. In 2013 they selected Kickstarter, because they had some personal connections with the Kickstarter team via the start-up incubator YCombinator in USA, in which the company participated. They have experienced that Kickstarter is able to support their campaign well with their promotional tools, especially as they had the relatively luxurious possibility of having their own campaign manager at Kickstarter.

Click & Grow's first campaign was larger and more successful than the recent campaign, mostly because smart herb gardens had more of a novelty factor at the time. It was more difficult to promote novelty effect during the 2016 campaign.

Kickstarter was and still is a cheap and effective tool for marketing Click & Grow.

USA has a lot of potential customers for the company. In the 2016 campaign one key element of success was the successful involvement of their existing loyal customer base. As a company Click & Grow has significantly grown between the 2 campaigns and has now a relatively loyal customer base mostly in USA.

In addition to a 5-person team at Click & Grow the company also engaged a PR-agency (Max Borghes Agency) to promote their campaign. Digital marketing was handled in-house.

Platform used: www.kickstarter.com

Company website: www.clickandgrow.com

Amount Sought \$78 00

Amount Raised \$350 749

Before Campaign

Click & Grow mobilised their existing client and supporter base before going live with the 2016 campaign. There was a nice amount of initial backers, which led to a "trending" effect, which made the Kickstarter promotional algorithms work in their favour. It is very important that there would be active growth at the beginning of a crowdfunding campaign.

They spent only 1.5 months preparing the campaign, which was spent on photographers and designers. During the preparatory phase they built a database of potential customers, created a mailing list and got a good understanding of what potential backers would like. They used mailing list to introduce their idea and to talk to potential interest groups. It is important to find potential target groups and ask for advice about how to develop the product and campaign.

Campaign page should be professionally prepared, but at the same time production of creative materials should not be overly expensive.

Click & Grow found that direct marketing was the most successful marketing channel. Activities of the Kickstarter platform were also important and helpful.

Media coverage related to the campaign and Kickstarter have also led to subsequent sales of the Smart Gardens via clickandgrow.com. It is important to consider crowdfunding not solely from the viewpoint of raising money but also as a wider promotional channel for a start-up company.

It is important to think of reasonable pricing levels. In US, an impulse purchase on Kickstarter is between \$80 to \$100. Kickstarter was heavily suggested that campaign pledges should be realistic – so they could cover direct costs as well as overheads. Settings too cheaper pledges could jeopardise successful production and delivery later.

The most significant challenge of the campaign was a relatively short period of preparation, as there was constant time pressure and there was too much work for the 5 people in the team. The most pleasant surprise was effective promotion by Kickstarter. It was also nice to see how positive their own customers were about their new campaign.



During Campaign

It is important to already have a critical mass of backers already at the beginning to create traction and trend on a crowdfunding site. A typical mistake of a crowdfunding campaign is to set too low of a success threshold for raising money. People tend to forget that it takes money to develop and deliver the goods. Click & Grow set their initial campaign amount to \$78 000, as this was their campaign break-even point. This amount was raised in the first 28 hours of the campaign.

Campaign time itself was “a totally crazy 30 days”. There was a great relief when they achieved their target and got enough backers to get over their funding threshold. However, after initially a successful launch they were quite worried as the Kicktrack tool on Kickstarter showed that the initial popularity of the campaign was fading out. After that they got back into the rhythm of marketing activities and found their way of increasing the popularity of the campaign again.

In the latter part of the campaign they also hired an advertising agency Jellop, in order to increase success of the campaign. Jellop could reach a million followers via their promotional channels. They also did pay-per-click advertising in-house and were active in various communication channels and social media.

It is important to get people to share your interesting product or service. For example a good tool has been to motivate people to share a promotion of the company by asking them to tag people to whom the product could be relevant on social media. People are buying a story, so a good story helps to promote the product.

It is usually too late to change anything significant during the campaign. It is vital to have a good communication plan for the period before and during the campaign. It is important to understand what works well during the campaign and if possible, then to adjust the focus of marketing to the well-working parts of the campaign. Cross-promoting crowdfunding campaigns between different fundraisers might help to approach new backers, but at the same time this might also have negative effect, as backers feel too “bombarded” with non-relevant communication, as people do not like “spam”.

Journalists sometimes feel that there are too many “kickstarter-newsfeeds” coming in, but using a professional PR-agency and personal contacts with journalists can help to gain access to media promotion channels.

Link to the campaign: <https://www.kickstarter.com/projects/mattiaslepp/the-smart-garden-your-solution-for-better-food>

Social media: <https://www.facebook.com/clickandgrow/>

After Campaign

Main worry of Click & Grow was related to feedback of their previous campaign, as delivery of the products was late. Also there were some problems sending out their products to some countries (e.g. Australia), as they had not been thinking of topics related to e.g. importing seeds to places with lots of restrictions.

In the previous campaign they sent a survey out to the backers 2 weeks after the campaign, but by the time they were ready to deliver the product it was difficult to contact the backers again, as they had new email and postal addresses.

The Click & Grow support team has been answering questions and queries via the Kickstarter portal. The Click & Grow business model is relying on selling specially developed soil for their flower pots, so lots of questions were about the possibility of using usual normal soil in their smart garden device.

It is advisable not to overload backers with too much information about the progress of the endeavour they had funded. Mailing them once per month is adequate.

Click & Grow has no immediate plans to create another crowdfunding campaign, but since they it to be a cheaper means of client acquisition than other options, then it is possible that they might do another crowdfunding campaign in the future.

Being on Kickstarter helps to promote a product, even after the campaign has finished. There are people who move from the Kickstarter campaign page to their homepage to buy their smart gardens. It is important to have a “Call-to-Action”, which invites Kickstarter page visitors to visit the website clickandgrow.com

It is beneficial for a campaign backer to believe that the product will actually get ready, produced and shipped.

The most successful products on Kickstarter are related to gaming and technology.

Too much “sweet” marketing talk would discourage potential backers. Kickstarter backers are realistic, practical, pragmatic people and they usually know what they would like to do.

Our main recommendations to would be crowdfunders are following:

- Start early
- Create a very engaged mailing list
- Get feedback from your target audience
- Try to solve “real” problems for your target audience
- Don't forget to do your calculations – how much will your productions be? What's the best way to achieve the best results?



Case Study 3

Campaign Details

Country	Estonia
Type	Reward based
Successful	YES
Platform(s)	Indiegogo, Kickstarter
Start Date	17.11.2016
Finish Date	17.12.2016
Duration	30 days

Organisation

Sprayprinter is developing a cool new way of spraying paint images on walls. SprayPrinter lets you spray paint images from your phone to a wall or any other large surface (side of a car or a T-shirt). It knows where to release paint so it's perfect for creatives at any level.

Sprayprinter chose reward-based crowdfunding as it gives a good possibility to market their product to their potential initial target group – innovation-prone techies. It was also important that using reward-based crowdfunding enables them to test the market for their product. Reward-based crowdfunding seemed the superior option compared to the equity-based one, as the owners of Sprayprinter were not overly-excited about giving away a part of their ownership to outside investors. Selecting particularly Indiegogo for the first campaign and then Kickstarter for the next one was led by an understanding that their product should be relevant to innovative techies, who can be more easily approached via e.g. the Kicksarter platform.

Sprayprinter has conducted 2 different campaigns: The first one was on Inidegogo (they raised \$38 788). The second campaign on Kickstarter raised \$83 288. During the Indiegogo campaign they just had an idea, so they needed to use different tools of persuading backers than during the recent Kickstarter campaign. During the first campaign their "newness" was in their favour.

Indiegogo is less popular than Kickstarter as a platform, however it has wider digital marketing tools than Kickstarter. For example, they were not able to access campaign backers' data on Kickstarter during the campaign, which set some limitations in motivating existing backers to spread their message to new would-be backers.

Sprayprinter also involved a creative agency to prepare their campaign. However the creative agency did not have much more experience with crowdfunding than what they had themselves. If they were to do it again, then they would only involve one specific person from this creative agency and not the whole team.

It is also important to understand what help and support a platform provides in fundraising. A devoted campaign manager offered by the platform would motivate them to

use this particular platform. However, generally the most important aspect of selection of platform is its reach to potential backers. A well-established platform with lots of potential backers is often more important than the particular terms or support offered by the platform.

Include relevant links to the company and platform(s) used

www.sprayprinter.com
www.kickstarter.com
www.indiegogo.com

Amount Sought \$50 000

Amount Raised \$83 288

Before Campaign

Sprayprinter prepared the first campaign on Indiegogo within less than 2 months and the second one on Kickstarter within 5 months. Initially they were secretive about creating the new campaign, as they had not yet fully shipped the Sprayprinters ordered during the previous campaign. Most of the preparation work during the campaign was about gathering as many email addresses as possible and preparing visuals for the potential new campaign.

Email as a way of engaging supporters is certainly making a come-back, as people have already learned to ignore all kinds of promotional activities on social media. Sprayprinter also prepared a media plan, a list of potential promotional channels and journalists/media outlets to contact once the campaign goes live. They also created different approaches on how to approach various media channels for various target groups. Also they indentified Facebook platforms, which work as creators of "founders' stories".

Initially quite a few pledges were initiated via the email address list they had. They planned activities both on the internet as well as outside the digital world for the campaign period. It is important to also have activities in real world, as most campaigns focus too much on digital channels.

One aspect, which they noticed was that quite a lot of people were searching for Sprayprinter reviews on YouTube during their campaign. It would be nice to have some reviews already available by respected third parties before the campaign, as this would increase the trustworthiness of the campaign and would appeal more to early adopters who are looking for more security about a product than initial innovators.

Sprayprinter suggests that it is better to honestly say if you have been late with an earlier campaign delivery than to



hide this fact, as the truth will come out anyway. It is better to put a lot of effort into preparing a campaign rather than doing it fast and not-so-well. It is important to gather email addresses at every possibility and to send friendly and personal emails to interested individuals. Too Official emails deter people – they like it when it feels personal; that the people who are telling their story are telling it to a friend. Sprayprinter has various email lists to various target groups (e.g. artists, sprayprinter users, backers and to the general public).

During Campaign

The Sprayprinter campaign start was “ok”, they had expected to gather the amount sought within 3 days, but they did it in 11 days. When a campaign loses its momentum, then it is pretty difficult to get it back running again, as Kickstarter promotional help is quite dependent on the “momentum” of the campaign.

When Sprayprinter reached the amount they had sought then everybody was congratulating them, but they themselves felt relief and not yet happiness, as their actual goals were set higher than the minimum funding amount.

Sprayprinter people participated in many different events during the campaign. At the start of the campaign they were personally located at various events in 3 countries: USA, Portugal and Spain in addition to the team in Estonia. They received a few backers as a result of personal contacts on these events.

Sprayprinter did both paid and free social media promotion. One of the tasks of the creative agency was to promote the campaign on Facebook. One of the challenges with the social media campaign was that they used quite a few different messages, which sometimes were conflicting. Some of the messages did not work as well as planned, as in essence the messages were “tested on the go”. It is wiser to test various social media messages before the campaign in order to avoid unnecessarily offensive or simply messages that didn’t work. Technology adaptors and mainstream might pay attention and like different type of messages. Their visibility of the campaign had a significant effect on Sprayprinter orders via their website. After the campaign it was possible to pre-order Sprayprinter via their homepage. Most of their current sales have come through crowdfunding or its media impact and the visibility it created for the company.

Sprayprinter had quite a few different pledges available (14 pledge possibilities). It might have been a little too many, as some of the pledge categories were not particularly effective. However, it was also an interesting learning point for them. Some pledges were also geared towards creating an active Sprayprinter community and to find potential service providers who could use Sprayprinter technology to

make prints for their customers. The campaign also helped them to find distributors in various countries.

A challenge which they faced was that media warped the messages they wanted to send to the wider public. For example they worked a lot to get a piece in Reuters, which they did, but the main message was: “Sprayprinter replaces artists”, which was not the message they intended to give out. They got some negative responses and replies because of this “deformed” message.

Some of their promotional activities were not as successful as expected, since Donald Trump was elected as a president during the campaign and news feeds were full of stories about him. E.g. Boredpanda did have a story about Sprayprinter, but peoples’ focus was elsewhere.

Campaign media coverage started to have a life of its own organically, as they noticed other media outlets picking up stories from the original channels were they were first introduced.

In order to promote the campaign and maintain the ‘buzz’ they created some new visuals during the campaign. An important part was offering Live Streams of different activities and events (e.g. creating the world’s largest spray-painted mural on a wall in Tartu). These kinds of streams show spontaneity and convey the “real” picture of life at Sprayprinter to potential backers. The reach of these streams is not large, but positive outcome is significant – a lot of viewers of the stream turn to backers. Having 20 viewers via live-streaming can lead to more buyers than a million views on a viral video website, which caters to a different public.

Sprayprinter people suggest that it is nice to use live-streaming of events and important activities to engage potential backers. It is important to gather email addresses, which work and to plan activities ahead of the actual campaign. It is important to promote yourself and to get various kinds of contacts. Send information via different channels about events in which you participated. If using Kickstarter, then it is also useful to plan events in USA, as most of the backers are living there. Sprayprinter feel that they had quite a lot of action and activities in Europe, but maybe there could have been more events in USA. It is important to be where your target group is.

Include relevant links to the actual campaign

<https://www.kickstarter.com/projects/jasonmario/sprayprinter-smart-spray-paint-technology/description>

Link to campaign videos etc. on other social media

<https://www.youtube.com/channel/UCy1xCuelb0iP8Oe-xenU2Dw>

<https://www.facebook.com/SprayPrinter/>



After Campaign

Sprayprinter employed a separate person to answer questions during and after the campaign. It is important to respond to all of the questions as soon as possible, as then potential backers see that organisation is working and communication is fast and efficient. It is also good to publish updates on Kickstarter page during and after the campaign, as this increases backers' trust level that things are actually happening. In case somebody is searching information about the product later and happens to visit the Kickstarter campaign page then they are less fearful to trust their money to a relatively new company in case they see that communication has been active.

It is important not to raise expectations of backers too high, as then the "bang" of resolving heightened expectations might be too "loud" and backers might be too disappointed. Do not make promises, which you cannot deliver on. If something goes wrong, then explain it well to backers. Honesty is cool, as it makes your life easier later, as you won't get caught lying. Sprayprinter says: "Truth is "in" in post-truth age."

Sprayprinter feels that they would do the crowdfunding campaign again. Not may-be immediately after a previous

campaign, but later indeed. The sharing economy is a powerful trend and it is sensible to go with the flow, not against it.

The first push of the campaign was strategically directed at Estonia – as they wanted to use the "effect of one's own village". They also made an Estonian-language video to promote the campaign. It is however difficult for them to use Estonian platforms for raising money, as they consider the reach of these platforms is too small and platforms themselves are new, so they have to introduce the platform together with their campaign, which clutters messages. They also tried Kickbooster platform to help people to share campaign links, but efficiency of this was less than what they had expected, as this required an additional level of educating people. The good (and at the same time the bad) side of Sprayprinter's product is its novelty – this is one of the reasons why they focused to innovators as their campaign target group. Now they need to move on to early adopters to create more sales. It might be clearer for backers to back a project about creating a new smart watch than backing Sprayprinter.

There is a video available at: <https://drive.google.com/open?id=0B0uugEF1VWlcU045cFk0YmJ3akU>

Case Study 4

Campaign Details

Country	Greece
Type	
Successful	YES
Platform(s)	Act4greece
Start Date	14/09/2016
Finish Date	30/04/2017
Duration	8 months

Organisation

The Animasyros International Festival & Agora was launched in 2008 and has now become the largest animation festival in Greece and one of the 20 most important globally.

The Festival intends to introduce the Greek public to the art of animation produced in Greece and internationally, offering modern cultural content and informal high-quality learning actions, while supporting new animation professionals and fostering synergies.

The Animasyros Festival, organized by Platforma, a non-profit company, is seeking the support of act4Greece so as to be able to hold another successful event this year. The Festival will include a wide-ranging programme of activities and collaborations in Syros, as well as seven regional events throughout Greece, aspiring to showcase the art of animation and ensure it has an equal place among the other cultural products of Greece.

The action will be completed in two stages, with a target amount of €40,000. The 1st stage includes the Syros Festival, with a target amount of €20,000, and the 2nd stage includes the regional events, again with a target amount of €20,000.

Why did they choose crowdfunding and why the specific type?

The festival supports the local economy and society of the island. The core of this event is a 25-member Festival production team and 53 local volunteers of Animasyros.

The crowd is the power. It funds us and supports us, together with our sponsors.

Was this a first attempt at a campaign?

Yes, it was our first time attempting something like that.

Did they engage external expertise?

No, all the knowledge, people and expertise already existed in-house. We did not get any outside help for making this campaign.

Amount Sought € 40.000

Amount Raised €12,000



Before Campaign

Details about the campaign before it went live, about preparing the video, goals, schedule etc...

A short brainstorming took place before the campaign. Also, a lot of discussing with the platform owners was needed before the campaign went live.

How did they choose the platform?

This platform (act4greece) was recommended to us by the platform owners. We thought that it was a good idea to support a Greek crowdfunding platform, especially one like act4greece that is backed up by the National Bank of Greece.

What type of communication did they use?

Mostly social media.

How long did it take to prepare for the campaign?

We made our application in May, and the crowdfunding was live in September.

Did they have the expertise in-house, or did they engage experts?

Everything was done in-house.

Was it promoted on social media?

Social media was used extensively for promoting the campaign. We also used paid advertising on Facebook.

Any problems? Or pleasant surprises?

No problems occurred, but we did not have any expectations for this campaign, because we did not have any previous experience.

Advice for others? What would you do differently?

Go for smaller budgets and for specific projects you want to materialize.

During Campaign

Details during the campaign, how quick did the campaign raise the funds?

The donations were better during the start of the campaign. Over the course of the campaign the donations steadily declined.

How did you promote the campaign?

We used mostly Facebook.

Did you hit your target? How did that feel?

We got the amount donated, and we are very happy that we gathered this amount.

For a company like us, it's very hard to access new funds, therefore any amount of funding is most welcome. Especially when this money comes from our fans, people that work in our field, and companies that are interested in our work.

Advice for others? What would you do differently?

What we would change next time is that we would opt for a smaller budget, and for a more specific project in order to get more funding.

Link to Campaign:

<https://www.act4greece.gr/challenge/animasyros/>

After Campaign

How did the managers deal with questions from backers?

Not many questions came in, but most of them were questions about the platform. People asked whether we are affiliated with the National Bank of Greece and we needed to clarify that we are not. Other than that, we didn't receive much feedback.

Would you do it again?

Of course, we will! Crowdfunding will become our source and power.

Please include a link to your website:

<http://www.animasyros.gr/>

Case Study 5

Campaign Details

Country	Greece
Type	
Successful	NO
Platform(s)	Indiegogo
Start Date	04/2016
Finish Date	05/2016
Duration	40 days

Organisation

Describe the Crowdfunding organisation and give a brief explanation of the crowdfunding case.

When we made the campaign #MakeAthensLive, our intention was to create a platform and a hub that would provide news for Greece, the Balkans, and surrounding countries. Pretty much a non-profit English newsroom which would be an alternative to a Greek media source that is corporate-owned and linked to established political interests.



Why did they choose crowdfunding and why the specific type?

When we started out, we were funded by family and friends. Afterwards, we used crowdfunding to get us started, and now we are looking for bigger investors. Crowdfunding however, is more than a stepping stone for us. It is the rock upon which we want to build our service. We want to continue to serve the people and getting funded by the people. We believe that a truly detached form of journalism can only exist through crowdfunding. We also believe that crowdfunding is the future for us, and will continue to believe so. We asked for little money. Crowdfunding is the future, we would like it to continue.

Was this a first attempt at a campaign?

Yes, it was the first time for everyone in the team.

Did they engage external expertise?

We had several outside mentors located in Germany, Sweden, Hungary and more. However, we did not receive any paid support. We relied on our own expertise.

Amount Sought €60.000

Amount Raised €23,367

Before Campaign

Details about the campaign before it went live, about preparing the video, goals, schedule etc...

It was difficult for us because it was the first time we did something like that. For example, we had to remake the whole campaign video 2 times. We also had to prepare a lot before going live

How did they choose the platform?

Kickstarter at that point, didn't have an option for Greece. We had our own crowdfunding platform, but due to the Capital Controls, we couldn't use it to fund our project. Therefore we ended up with Indiegogo.

What type of communication did they use?

We used social media and foreign press, mostly. The Greek (local) press didn't help us much, apart from some exceptions.

How long did it take to prepare for the campaign?

It took roughly 6 months to prepare for this, and we feel that we should have prepared more than that.

Did they have the expertise in-house, or did they engage experts?

Everything was done in-house with some mentors from abroad.

Was it promoted on social media?

Yes, our campaign was promoted mostly on Facebook and Twitter.

Any problems? Or pleasant surprises?

We feel like we should have simulated the outcome of the campaign.

It was the first time that we did crowdfunding and it was a bit hard to get the team to cooperate for the whole project.

Advice for others? What would you do differently?

This really depends on the campaign and the product you are trying to crowdfund.

During Campaign

Details during the campaign, how quick did the campaign raise the funds?

In the first week, the campaign took off great. We had 10% of the amount sought in 2 days. However, as the days passed, the campaign deteriorated.

We feel that we should have provided more credibility for the crowd, so that they know where their money was going.

How did you promote the campaign?

This procedure took a lot of time. We had to devote countless hours to promoting our campaign, and most of the time, we had to stop our actual work in order to do that.

Did you hit your target? How did that feel?

I am happy that we achieved what we did. The whole process was very tiring. I feel we could've done better if we had more material to promote the campaign

Advice for others? What would you do differently?

That really depends on their service or product. Some products/services might need outside help, others might not.

Link to Campaign:

<https://www.indiegogo.com/projects/makeathenslive-independent-greece>

After Campaign

How did the managers deal with questions from backers?

A lot of questions and emails came in. Answering emails and questions required a lot of time and used up most of our schedule.

Also, we had a lot of supporters, a lot of people came by our offices, they wanted to meet us and a lot of young people wanted to work for us.

Greek people mostly had complaints and were very



negative, but we were pleased with feedback from our backers and from abroad.

Our tactic was always not to engage in a fight with negative people, but keep a low profile.

Would you do it again?

Yes, I am happy overall, so I would do it again, and I would continue to use crowdfunding for as long as possible. Other than that, we didn't receive much feedback.

Case Study 6

Campaign Details

Country	UK
Type	Reward
Successful	No
Platform(s)	Kickstarter
Start Date	01/09/2015
Finish Date	30/09/2015
Duration	1 month

Organisation

Number Ninja was a small campaign by an individual who had created a visual aid to assist with mental multiplication. The owner of the Campaign (Leigh Cook) devised a game aimed at both children and adults which made learning mental multiplication easy. The crowdfunding aim was for £15000 on Kickstarter. This was the first campaign for the product.

Leigh chose Kickstarter as they offer reasonable terms and the interface seemed simple - although in practice it did have some rough edges, but the first campaign contained the following;

- Brief description of the product
- Video describing the product
- Crowdfunding pledge and offer for early funders

The case for funding was rather muddled with various offers to funders. The product seemed both interesting and innovative and the owner was hugely enthusiastic. It was not clear what tangible outcomes any funders would receive other than early receipt of the product. It appeared that no external help had been used to start this initial campaign.

Amount Sought £60.000

Amount Raised 2%

Before Campaign

What social media did you link with?

Facebook, Twitter and YouTube - but I joined all of these shortly before the campaign and had no following. I am not really a social media person and joined because several people insisted that this would make a massive difference to the success of my campaign.

What problems / pleasant surprises did you have?

- 1) Getting people to share with THEIR social media contacts is VERY challenging, and I had relied on this far

too heavily for my first campaign.

- 2) Three of my friends tried to back the project (each on multiple occasions) and the Kickstarter system gave them error messages after they supplied their card details. The Kickstarter platform did not notify me of this failed activity and I only learned when my friends contacted me to express frustration that the platform had refused to process their pledges. This was quite disheartening as I have no idea how many other people may have been affected in this way.

Did you push the product during the campaign and if so how?

(This is separate to social media in Q3)

Word of mouth, but most people I spoke with had difficulty grasping what crowdfunding is.

What lessons did you learn from this campaign?

Kickstarter is only a platform. YOU need to bring the CROWD as well as the product. The video stats confirmed that my introductory video failed to hold viewers attention. "Too long" and "boring" are harsh terms, but these are the harsh realities that need to be overcome.

During Campaign

During the campaign did you notice any trends?

Once it was clear that the campaign had insufficient momentum to reach the goal, new backers were increasingly difficult to attract. I was initially hoping that people (especially existing backers) would actively share the campaign with their friends and that new pledges would accelerate, but they certainly hit a plateau. I now use the kicktraq tool and can see that this is a funding pattern experienced by many projects.

After the Campaign

What are you planning to do differently in the next campaign?

- 1) I am working on building a solid crowd ahead of launching my next campaign. I am also considering the viability of producing a product that can be sold directly to that crowd as it builds.
- 2) I am aiming to simplify the reward choices and present the product in a more interesting and appealing way, focusing on benefits rather than trying to explain the technicalities of how/why this approach works so much better than rote learning.
- 3) I am planning to give people a chance to "taste" the approach for themselves before making a commitment to the project.



- 4) The next campaign will focus on producing a physical product (a board game) rather than a digital app.
- 5) The basic campaign goal will also be MUCH lower, with a series of stretch goals to reward backers as the total amount pledged increases. Hopefully this will motivate people to share more actively, but it will also give me the opportunity to successfully launch a scaled-down product if there is insufficient funding to launch the full product at this stage. I would then follow on with further campaigns

to further beef up the product.
Lack of experience and contacts in linked social media was a big issue for this campaign. The applicant has since re-evaluated his approach and funding goals and is planning a new smaller campaign.

<https://www.youtube.com/watch?v=PSPeTgLGdGw>
<https://www.youtube.com/channel/UCyCaNbDx3HhjOZ70MDKg7XA/videos>

Case Study 7

Campaign Details

Country	UK
Type	Fixed interest bond
Successful	Yes & No
Platform(s)	Crowdcube
Start Date	07/2015
Finish Date	09/2015
Duration	1+ month

Organisation

The Square Pie Company is a food manufacturing business based in London that was started in 2001 and grew steadily until it received equity funding of about £1M via business angels in 2005. It developed an innovative offering of high quality square pies that it sold through its own retail shop outlet(s) and at major events with pop up stands at venues such as Wimbledon, Twickenham and festivals including Glastonbury. To support its continued shop outlet development, projected to rise to 25 by 2019 (4 years) it developed a fixed interest rate bond aspiring to raise at least £750,000 and possibly up to £2M. Turnover was projected to rise to £22M by this time. The funding was also needed to expand the wholesale side, with their pies being placed in major supermarkets, including TESCO in London and online with Ocado.

The results posted and the strategy adopted by Crowdcube are interesting, as is the methodology used to declare success. The pitch was good, but it became apparent that the lower target of £750,000 would not be achieved. The timescale was then extended and the lower limit of "success" reduced to £450,000 so that the final funding achieved of £655,500 could be branded a success at 145% funding.

Amount Sought £750,000 – £2m

Amount Raised £655,500, target lowered to £450,000 during the campaign.

Before Campaign

What social media did you link with? The campaign relied upon Crowdcube's marketing resources and Square Pie's high street presence via their existing outlets (5 at the time) and their web presence.

What problems were encountered?

- 1) The target was not achieved but readjusting the final target allowed the funding to be retained and "success" declared.
- 2) It is possible that the relatively large amount sought (up to £2M) as an unsecured loan (albeit at 8%) deterred investors who would have placed more substantial amounts because others had "got in early" via the business angel network and who actually owned part of the business, rather than just lent money.

During Campaign

During the campaign, did you notice any trends?

A campaign of this magnitude needed a strong start and a group of substantial investors to help reach the target. It would appear that when the funding started to stall investors held off, with new backers increasingly difficult to attract. The existence of a substantial amount of equity debt already in place may well have made the offer of a substantial amount (tripling the company debt) of unsecured debt just unattractive.

After the Campaign

What are you planning to do differently in the next campaign?

No direct dialogue has been attempted with the Square Pie Company – this Case study has been used to indicate some of the key factors to be addressed when looking for substantial loan capital for business expansion when there has already been a major equity capital injection via Business Angels. When pitching for unsecured loans at this level it may be that more substantial data is necessary as the most likely investors at this level do have the financial expertise to interrogate the data and ask telling questions.

Results/Observations

It is possible that the relatively large amount sought (up to £2M) as an unsecured loan (albeit at 8%) deterred investors who would have placed more substantial amounts because others had "got in early" via the business angel network and who actually owned part of the business, rather than just lent money. The "rewards" offered, such as free pies, discounted meals etc. were more akin to lower value fundraising campaigns and pitched at the small investor rather than the significant investor who would look at the financial projections and take a professional business view rather than treating the investment as a casual investment. Showing a



step change in turnover of more than 100% in one year (from Yr end 2014 at £2.6M to 2015 at £5.4M) is always a risky strategy as the future projections showed continued major year-on-year leaps being necessary to reach any substantial profit levels to be able to repay the loans.

The rate offered was very attractive, but for the loan to be repaid (£2M in 2019) required consistent substantial growth every year, in both retail and wholesale trade. Many downside risks were mentioned in the application but no data was supplied to quantify how any of these risks could impact upon business performance. There appeared to be a disconnect between the words and the numbers presented and with unsecured loans it may be that even at 8% return the serious investors thought this too high a risk. Some adverse publicity after the campaign was noticed, specifically relating to changing the lower level target when it

became obvious it would not be attained.

The lessons here may be that the ambitious growth data provided showing consistent and substantial growth being necessary to keep the business afloat, coupled with all the projected debt was too much for investors to accept. The provision of just “good news” and no data offered to show what may happen if the year-on-year growth did not materialise may have contributed to the initial target being missed by 67%.

Other Information

<http://www.squarepie.com/>

<https://www.crowdcube.com/investment/square-pie-19666>

<http://fantasyequitycrowdfunding.blogspot.co.uk/2015/10/square-pie-bond-close-to-its-target.html>

http://fantasyequitycrowdfunding.blogspot.co.uk/2015_09_01_archive.html

Case Study 8

Campaign Details

Country	Czech Republic
Type	Reward
Successful	Yes
Platform(s)	www.startovac.cz
Start Date	22/02/2016
Finish Date	23/03/2016
Duration	30 days

Organisation

A group of volunteers, enthusiasts and fans of aviation engineering from Kunovice Aviation Museum decided to save the TU-154M “Nagano Express”, the aircraft that used to carry Czech government officials, presidents, soldiers and sportsmen between 1996 and 2007. One could easily nickname it Czech AIR FORCE ONE.

The aircraft became famous thanks to the Winter Olympics in Nagano. On 23rd February 1998, it brought back home Czech hockey players who had won gold medals. It was the very first time that Czech hockey players won such an important sports event. Besides hockey players the aircraft also carried Kateřina Neumannová, a popular cross-country skier who had won one silver and one bronze medal.

Lately the aircraft was not used for a long time and it was planned to be scrapped. The group of fans from Kunovice committed to preserve the plane so that it can be kept for future generations and remind Czechs of their great sports achievement. The group bought the old aircraft for a symbolic price, prepared for it an exhibition spot in Kunovice Museum and came to Prague in their free time every weekend to dismantle the plane so that it can be transported by road to the museum.

The group consisted predominantly of volunteers who worked in all weathers and for free. In the aviation industry, documentation is precious and is not available to everyone. Therefore, the volunteers

had no choice but to proceed with the method of trial and error when dismantling the aircraft, and had to note down every step so that the aircraft can be re-assembled without any damage.

The great flight or a herd of elephants through the eye of a needle

– this was the name of the crowdfunding campaign posted on the Startovač platform. The objective was to get funding for transportation of the aircraft to Kunovice Museum.

Transporting such a giant is a very expensive task and the Museum could not cover all the costs by itself. The amount was large because of the distance the aircraft had to make and because of its size. A fast and trouble-free transfer was barely possible and it had to be carried out by a specialized company equipped with suitable technology and experience.

Amount required was set to be 400,154 CZK.

The organizers had almost no experience with crowdfunding. They drew inspiration from other previous successful campaigns, for instance from Dan Přibáň’s successful project. Dan managed to raise funds for this travel to the Pacific in 2015. Fortunately, crowdfunding-awareness in the Czech Republic was on rise.

This project managed to make it in TOP 3 successful projects in the Czech Republic. The required amount was gathered in a few hours. this initial campaign.

Amount Sought 400,154 CZK

Amount Raised 1,220,811 CZK (305 %)Before Campaign

Before Campaign

In February 2015, dismantling began as pieces impeding the transport were removed off the aircraft. In autumn 2015, an event was launched to start building awareness about the planned crowdfunding campaign. A leaflet presenting the aircraft was made and through a cartoon story one could learn about the



history of the aircraft as well as about the planned transport, about crowdfunding and about possible engagement in the project. The leaflet informed where to find the campaign (Startovač platform), and was distributed on main roads leading to Kunovice and at other major places.

A special emphasis was put on making the audience familiar with crowdfunding. As the organizers did not want to be linked with any dubious requests for money for a project that did not seem to exist, they built credibility by describing the main principles of the project. The campaign was launched after diligent preparation.

The team chose to launch their campaign on startovac.cz. This platform belongs to one of the two most successful platforms in the Czech Republic.

Inspiration was drawn from previous successful projects and information available on the Internet. The purpose of the project was thoroughly described on the web of the campaign. The sites were linked with social media (Facebook, Twitter, website of the museum).

Campaign communication focused on the success story of the Czech hockey team and on the story of the aircraft.

During Campaign

The Aircraft's "fame" proved to be a great added value. It helped to gain considerable media coverage in almost all media in the Czech Republic. Journalists wrote articles which served as good and free advertising.

Additional support was provided via social media communication. Many famous people were asked to support the project. The project received support from Dan Přebáň who added a short video and called upon fans of his Trabant expedition to support this interesting project too. To quote his own words, "these guys are even more foolish than myself and deserve to be supported".

The campaign became very successful, and the target amount was reached by the 2nd day. The organizers came up with new additional goals as the amount was rising.

They promised to buy 2 original airstairs if the amount exceeded 500,154 CZK.

If it exceeded 600,154 CZK, they would build a pedestal for the plane. If it goes over 950.154 CZK, the paint would be renewed.

The next goal was renovation of the audio-video equipment.

By adding these goals, donors were constantly stimulated – they were encouraged to donate more and invite their friends to participate.

Media played a crucial role as their attention to the project was extraordinarily big. The project was enriched with stories of volunteers. It was reported how these had to leave behind their wives, girlfriends and children for the weekend in order to continue their brave fight with the aircraft.

Campaign on Startovač: <https://www.startovac.cz/projekty/velky-prelet/>

Campaign video: <https://youtu.be/IgjvpUioZrM>

Social media (Facebook): <https://www.facebook.com/zachranteLMK/>

Twitter: <https://twitter.com/VelkyPrelet>

Kunovice airport web: <http://www.museum-kunovice.cz/velky-prelet>

After the Campaign

New information was added to the project site on Startovač informing people how the project is evolving after the campaign ended. All questions from donors as well as public are answered. Fresh photos are posted. Information was also posted on the website of Kunovice Aviation Museum.

A minor problem occurred with delivery of certain rewards. The supplier was not able to provide such a large number of cups and other rewards so donors had to wait. This was clearly explained to fans. Now everyone was happy but in the end every commitment was delivered on.

Thanks to the successful campaign additional items were bought. The 2 airstairs and a pedestal. Paint and inner audio-system and spaces will be renewed in time.

Contact with donors and media is still maintained. News are sent regularly as the plane is being re-assembled.

Future campaigns may be possible.

News on Czech TV: <http://www.ceskatelevize.cz/ivysilani/1181680258-tyden-v-regionech-bmo/316281381891001-tyden-v-regionech/obsah/495734-velky-prelet>

Movie on Czech TV: <http://www.ceskatelevize.cz/porady/1097944695-nas-venkov/316294340070010-pozemni-let/>

Result/Conclusion

The project was successfully completed. On 23rd September 2016, the famous TU-154M set on its last journey from Praha-Kbely Airport to Kunovice Museum. It landed there successfully on 25th September 2016 in the afternoon. The "flight" was accompanied with great interest by the media and people who took to the streets to see the aircraft with their own eyes. The event could also be followed online and it was broadcasted on the Internet.

More information

The aircraft must be re-assembled now and brought to its original state. Since more money than expected was raised in the campaign, inner and outer spaces and parts will be renovated. It is expected that everything will be finished in 2018. Visitors of the museum will then be able to admire the aircraft in its great beauty.



Case Study 8

Campaign Details

Country	Czech Republic
Type	Reward
Successful	Yes
Platform(s)	www.startovac.cz
Start Date	05/02/2015
Finish Date	08/03/2015
Duration	28 days

Organisation

A group of Czechs, Slovaks and Poles around Dan Přibáň managed to successfully complete several adventurous trips in their Trabant. They have travelled the length and breadth of the Silk Road, Africa and Latin America.

The yellow Trabant 601 became an iconic feature of the group. This car, a plastic symbol of the Eastern Bloc, is a synonym of unreliability and failure. Later, Dan's team added a Fiat 126p – car publicly nicknamed Maluch, and a Jawa 250 motorbike nicknamed "the Czech classics". It started to sell in 1957.

The main challenge was to face "something" that is thought impossible and destined for failure. With almost no money in their pockets, Dan's team managed to travel the world. Its members had to make many sacrifices in the interest of their adventures: resign from their comfortable jobs, sell their household equipment or even take loans. All of that with just one goal – to prove that everything is possible and everything can be achieved, as long as one is fully committed.

"I want the whole world or nothing!" Dan would always use this famous quote of Charles Bukowski when he comments on his next challenge. These couple of words describe well his projects.

While travelling, Dan's team shot a documentary movie which they later complemented with a documentary series. Narrated in an amusing way, the documentaries became popular with spectators and were broadcasted by the Czech national TV channel.

Each trip requires lots of money, so it's important to ensure funding in a sufficient amount and on time. It is not always easy to deal with sponsors as some of them changed their mind and eventually even refused to provide the donation they promised. That is why the team decided to launch a crowdfunding campaign on the Indiegogo platform in 2012. The team logically chose a foreign website as crowdfunding awareness was still low in the Czech Republic at that time. The objective was to finance a documentary movie that would be made on an expedition through Latin America (project called Crossing the Pacific in a Trabant). The campaign was successful, although "only" 7,353 USD was raised instead of the required 20,000 USD. The campaign utilized the

"Keep It All" format where money raised can be kept even if the target amount is not reached. Interestingly, contributors were mainly from the Czech Republic and Slovakia. There was just one contribution of 500 USD; the rest were small donations of 5 to 10 USD.

CROSSING THE PACIFIC IN A TRABANT is so far Dan Přibáň's last project. The mission was to travel Australia and the Pacific region. Dan did not manage to raise enough money from project sponsors, so he got an idea to raise the missing amount (500,000 CZK) in a crowdfunding campaign (Startovač, 2015). The project output was to be a documentary movie or series depicting all phases of Dan's journey and, of course, told in an amusing way. Yet Dan Přibáň always goes above and beyond to seek additional challenges because he wants to prove everything is possible as long as one is totally committed. Therefore, he enlarged the team with petite Dominika who rode a ČZ 175 motorbike and with two wheel-chaired persons who joined the Trabant's crew.

The campaign drew experience from previous years. Preparation of the project started in 2006. Efficient and quick social media communication (Facebook) played an important role. Fans are always informed on Facebook about the current situation of the "yellow circus". The team quickly replies to all questions/remarks/comments. Thanks to this diligent work and clear communication or the project objectives, photos illustrate real needs and successes, but also fails, the crowdfunding project was a major success and broke a record in the Czech Republic. In as little as 2 hours after the campaign was published, 20 percent of the target amount was raised, and in 48 hours 1 million CZK was collected.

<https://www.indiegogo.com/projects/trabant-vs-south-america#/>

<https://www.startovac.cz/projekty/transtrabant/>

<https://youtu.be/qkjelTBmdxk>

<https://youtu.be/Edus0dlGNQQ>

<https://www.facebook.com/TransTrabant/?fref=ts>

Amount Sought 500,000 CZK

Amount Raised 2,814,415 CZK (562 %)

Before Campaign

The campaign was launched rather quickly because the team needed to quickly address a problem of missing money. The trip was about to start, yet the team still did not have enough financial means.

Out of crowdfunding platforms available, the team chose startovac.cz – the second most successful platform in the Czech Republic. Information was drawn from



experience and from previous campaigns on Indiegogo. Communication with Facebook fans turned out to be an advantage, as it made the project more real and not just an ordinary advert to get money. As the project was being prepared, fans were continuously informed about all ups and downs. The campaign originated from a momentous situation because the whole project was in danger due to lack of money.

The need, purpose and objective were clearly described, and a video was made to back it up. Constant communication with fans was a cornerstone of the campaign.

Success was not guaranteed; it was completely a step into the unknown. Luckily, crowdfunding was on rise in the Czech Republic and awareness was slowly increasing. Dan's name helped as well as many people knew him because of his previous movies that had been broadcasted on the TV

During the campaign

Considering possibilities in the Czech Republic, this campaign was breathtakingly successful. It was estimated that the target amount would be raised in 3 weeks. What a surprise when 100,000 CZK was collected in just the first 2 hours. In 20 hours after the campaign was launched, the target amount of 500,000 CZK was reached. This was a new crowd-funding record in the Czech Republic. A million was reached in 48 hours. It was a massive surprise for everyone. Donors and potential donors were informed on Facebook and on the campaign web about team's momentous feelings and plans. The team procured the better equipment so that the movie/series they planned to shoot on their way would be of better quality. The original itinerary was reviewed and enlarged with a second part (The Great Homecoming). Money raised will be used to cover its costs.

Uniqueness and popularity of the campaign were an advantage. Media interviewed Dan Příbání asking him if he could explain why his campaign was so successful. The number of interviews was increasing, and his net of contacts was extending. Dan was everywhere – on the Internet, radio, TV. Popularity and interest were rising. Communication on Facebook and project web worked perfectly.

Media are vital for campaigning, including social media. You cannot rely on the fact that contributors will accidentally come across a platform where they find a campaign they like and they decide to support it. You must talk about the campaign – keep showing and describing everything, communicate well. One could even say that you must lure as many people onto your project's web as possible. Having known people linked with your project will also help. Everything must be explained faithfully and in detail. Do not withhold anything!

Think well about your rewards, too. In successful campaigns, it is difficult to manage everything on time, especially when it comes to distribution. You should send a personalized card to every contributor signed by all members of the organizing team.

Campaign on Startovač: <https://www.startovac.cz/projekty/transtrabant/>

Campaign video: <https://youtu.be/Edus0dIGNQQ>

Social media (Facebook): <https://www.facebook.com/TransTrabant/?fref=ts>

After the Campaign

Communication with contributors and fans is still ongoing. Fans are informed via social media (Facebook) how money is spent. Photos attached serve for evidence. Further information is shared as to what the next plans and goals are. The audience is constantly worked with, and thus stimulated for future projects. Rewards were delivered as promised.

One of the rewards was a postcard sent from travels. Some postcards may probably not have arrived on time or at all. One cannot directly influence such thing, considering the postcard is sent from the other side of the world. This was communicated to the audience and an alternative solution was found. The number or rewards was high, and all of them had to be honored. As the date of departure to Australia was approaching, the project got slightly delayed. Thanks to communication, most contributors understood and did not express themselves negatively about the project. Communication was well managed.

Future campaigns may be possible. Part of money raised will be used for the next trip (The Great Homecoming) which is planned for the spring of 2018.

Result Conclusion

The project was successfully completed. Dan Příbání and his team returned safe and sound from the Pacific back home. They depicted their travels in a series that was presented on the Czech national TV channel. It had a great success and high viewer ratings. The team also made a movie and presented it in cinemas. It also became very popular.

More information

At this moment, a new travel is being planned. It will use up money remaining from the previous crowdfunding campaign. The team informs their fans about the new project on social media.



Chapter 8 - Crowdfunding Checklist

How suitable is your Project for Crowdfunding?

(Answer the following as honestly as possible)

Is the product or service new or novel?

Is feedback from friends/relatives or focus groups encouraging?

Does this project have the capacity to capture the public's imagination?

Do you have defined funding goals?

Is the timescale suitable to crowdfunding?

Have you researched other similar projects to yours?

Is there a specific type of crowdfunding that suits the project needs?

Do you understand the associated Terms, Conditions and Fees?

Have you considered all the costs and implications of crowdfunding?

Have you considered an IP strategy or protection by copyright or patent?

Can you cope if the project was extremely successful/viral?

Are you clear on legal / tax implications for funds generated by crowdfunding?



Further Information

Further information

CRUCIAL Crowdfunding Platform
(including the CROWDFUNDING GUIDE)
<http://crucialcrowdfunding.com>

