

Crowdfunding as a financing strategy and a marketing campaign

Siri Andersson

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Abstract:	
<p>Crowdfunding is probably the fastest growing new way to raise funds, and it's popularity among creative projects is no surprise. Since funding independent art productions has always been hard, a new financing strategy was welcome to the branch. However, users soon realized it's even broader potential; crowdfunding does not only raise money, but also builds a community around the project. The objective of this thesis is to compile a campaign plan for crowdfunding the production of an animated series called Deadpan, but also to research the opportunities and threats of crowdfunding as a financing strategy. By comparing campaigns, crowdfunding platforms and earlier research I have concluded strategies for marketing the campaign and reaching donors, for running the campaign and for choosing the right platform for the project. The thesis is structured around the themes above, and I have also limited my research to reward-based crowdfunding of audiovisual projects, and chose to compare only two platforms; Kickstarter and Indiegogo.</p> <p>The conclusion of the research and information in the thesis is presented as a campaigner's checklist, which is narrowed to five important stages of crowdfunding; planning, preparing, testing, execution and completing the campaign. Crowdfunding can be an effective way of funding projects, but it is also surprisingly laborious, and many campaigns fail because of overestimating their resources. On the basis of the checklist it should be possible to plan and execute a crowdfunding campaign, or contrarily, discover shortages in the project or the campaign plan.</p>	
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EXAMENSARBETE	
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<p>Sammandrag:</p> <p>Crowdfunding är ett snabbt växande nytt finansieringssätt, och det är inte förvånande att den är väldigt populär bland kreativa projekt. På grund av att de sällan är vinstdrivande, har fristående konstprojekt alltid varit svåra att finansiera, och nya medel är välkomna till branchen. Användare har ändå snabbt insett att crowdfunding inte bara handlar om finansiering, utan om gemenskap och att bygga ett kollektiv. Syftet med detta arbete är att sammanfatta en kampanjplan för den animerade serien Deadpan, men också att undersöka möjligheter och hot i crowdfunding som ett finansieringsalternativ. Genom att jämföra kampanjer, plattformar och tidigare forskning har jag sammanfattat strategier för planeringen och genomförandet av kampanjen och dess marknadsföring. Arbetet är strukturerat kring temorna plattformen, bidragarna och kampanjen, och jag har också begränsat undersökningen till belöningsbaserad crowdfunding av audiovisuella projekt. Av crowdfunding plattformarna kommer jag att jämföra bara två; Kickstarter och Indiegogo.</p> <p>Informationen i arbetet är upplagt som en slags checklista, som innehåller fem viktiga skeden i kampanjens gång: planerandet, förberedandet, testandet, verkställandet och slutförandet av kampanjen. Crowdfunding kan vara ett effektivt sätt att finansiera fristående projekt, men det är också förvånansvärt tidskrävande, vilket leder till att många kampanjer misslyckas. Med hjälp av checklistan kan man antingen planera en lyckad kampanj eller upptäcka möjliga brister i projektet.</p>	
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<p>Tiivistelmä:</p> <p>Joukkorahoitus on luultavasti nopeimmin kasvava uusi rahoitustapa, eikä sen suosio luovalla alalla ole yllättävä. Uusi rahoitusmalli oli tervetullut markkinoille, koska itsenäisen taidehankkeen rahoittaminen on aina ollut hankalaa. Käyttäjät huomasivat kuitenkin nopeasti myös muita mahdollisuuksia mallissa; joukkorahoituksen ainoa käyttömahdollisuus ei ole rahoitus, vaan sillä myös yhteisöllistetään hankkeesta kiinnostuneet. Tämän työn tarkoitus on laatia kampanjasuunnitelma Deadpan -animaatiosarjan tuotannon joukkorahoittamiseen, mutta myös tutkia joukkorahoituksen käyttämisen muita mahdollisuuksia ja uhkia. Vertaamalla kampanjoita, joukkorahoitusaloja sekä aiempia tutkimuksia olen löytänyt toimivia ratkaisuja kampanjan toteuttamisessa ja markkinoinnissa, oikean alustan valitsemisessa sekä lahjoittajien tavoittamisessa. Työ on rakennettu näiden teemojen ympärille, mutta taustaselvitys on rajattu audiovisuaalisten vastikkeellisten rahoituskampanjoiden ympärille. Joukkorahoitusaloista vertaan myös vain kahta, Kickstarteria ja Indiegogota.</p> <p>Työn yhteenvedona esitän eräänlaisen kampanjoinnin muistilistan, johon on sisällytetty viisi joukkorahoituksessa tärkeää työvaihetta; suunnitelma, valmistautuminen, testaaminen, toteutus sekä suorittaminen. Joukkorahoitus voi olla toimiva rahoitusmalli, mutta se voi olla myös yllättävän työläs, mikä johtaa monen hankkeen epäonnistumiseen. Muistilistan avulla voi joko mahdollistaa joukkorahoituskampanjan toteutuksen tai paljastaa hankkeen mahdolliset puutteet.</p>	
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CONTENTS

1	Introduction	6
1.1	Objectives and motive.....	6
1.2	Structure and methods.....	6
1.3	Delimitation	8
1.4	Core Definitions.....	8
2	Context: Crowdfunding and Deadpan	9
2.1	Deadpan.....	10
2.2	Alternatives in crowdfunding	11
2.2.1	<i>Kickstarter</i>	13
2.2.2	<i>Indiegogo</i>	15
3	Backers and Marketing	18
3.1	Interaction	18
3.2	Backer rewards in creative projects	22
4	The Campaign	24
4.1	The Importance of the Pitch video	25
4.2	Timing and demands of the campaign.....	26
5	Conclusion: The Campaigner’s Checklist	28
1.	<i>Planning</i>	28
2.	<i>Preparing (3-6 months before the launch)</i>	28
3.	<i>Testing the material (1-3 months before the launch)</i>	29
4.	<i>Execution (before launch and during the campaign)</i>	29
5.	<i>Completing the campaign</i>	29
5.1	Discussion: Crowdfunding and Deadpan.....	30
	References	33
	Appendices - Bilagor	36

1 INTRODUCTION

Crowdfunding is undoubtedly one of the fastest growing and most exciting ways to find support for any project. Crowdfunding can be an effective way to raise money and resources, but it is also a unique way to raise awareness and build a community. This is why crowdfunding cannot only be seen as a financing strategy, but also as a marketing campaign.

Since the launch of the first crowdfunding platform, ArtistShare, in 2003 (Freedman & Nutting, 2014), crowdfunding has been wildly popular especially within creative work. Financing for independent art productions has always been hard since they are rarely profitable, and a new way of funding was welcome to the branch.

1.1 Objectives and motive

An animation studio called Undo commissions this thesis. The outcome of the thesis is to plan a crowdfunding campaign and hopefully raise funds for Undo's animated series, Deadpan. In my research I want to conclude the best way do a crowdfunding campaign for a project like Deadpan and find out how one successfully raises funds by using crowdfunding platforms.

I want to discuss what kind of projects succeed and why, and obviously relate those tactics for the Deadpan campaign. I hope to understand what makes people donate money to a stranger's art production and what attracted them to do it. It can also be an issue to find and reach those donors, which I also will discuss in the thesis.

Another question that I consider in my research is how to choose the right crowdfunding platform for a project. How does one find the right platform in the jungle of hundreds of different sites? Which things do you need to consider while choosing your platform?

1.2 Structure and methods

I have structured the framing of the questions in this thesis into three different themes that I find are the most important when planning a crowdfunding campaign. The themes are:

- How to choose the right platform
- How to find and reach your donors
- How to plan the best possible campaign

Beside these themes I want to discuss ethics and transparency in crowdfunding, since it has become a major subject of discussion in the crowdfunding community. My standpoint is also to measure the success of a campaign not only by the amount of money pledged, but the marketing value of the project.

Crowdfunding has as a result of its popularity been the subject of various degree theses in the last couple of years. Although the angle of subject varies from financing start-ups and equity based crowdfunding to crowdsourcing of talent, there are two Finnish degree theses that I have found helpful: *Crowdfunding as Enabler of Creative Projects* by Elinora Uusi-Kartano (orig. *Joukkorahoitus luovien projektien mahdollistajana*) and *Short Film Six and the Beginners Guide* by Ella Nuortila (orig. *Joukkorahoitus itsenäisen elokuvan rahoitusmuotona*). Crowdfunding has been a globally quite popular as a research subject, and I have come across a few very helpful papers; *The dynamics of crowdfunding: An exploratory study* by Ethan Mollick at the Wharton School (University of Pennsylvania) and *Crowdfunding Creative Ideas: The Dynamics of Project Backers in Kickstarter* by Venkat Kuppuswamy and Barry Bayus at the Fung Institute at Berkeley, to name a couple.

Besides the material with crowdfunding as the main subject I have also used literature in qualitative interviews and campaign planning as supporting background information. All information of the series Deadpan is from Undo.

I am using mostly the internet and electronic references in my literal research. This is because the crowdfunding scene is under constant development and change and I believe that the material online, like articles and other publications, are more recently updated. In this thesis I have chosen to use the freshest material possible, and my references are from 2012-2015. It also feels natural to use online references like the different crowdfunding platforms, since almost all modern crowdfunding is arranged online.

Because I want to keep the research quite practical and find information to support the theoretical references, I will also follow up on ongoing campaigns on Kickstarter and Indiegogo. I believe there is a lot to learn by watching different projects and the tactics

they choose to use in their campaign, and by comparing style and statistics I hope to identify the attractive qualities in the campaigns.

In addition to the online research I will use qualitative interviewing as a method, and will interview crowdfunding experts behind successful crowdfunding campaigns. I hope that they can provide me with knowledge of the things that make a good campaign and possibly what they would have done differently. With the interview I want to form a picture of what running a campaign takes and find working concepts for marketing strategies and methods for completing the campaign.

1.3 Delimitation

There is an almost limitless amount of different crowdfunding websites, of which a large part concentrates on a special area of work. Because of the large number of sites I had to limit the material, and chose to compare only two of them in my research: Kickstarter and Indiegogo. I chose Kickstarter and Indiegogo because they are the most popular ones for creative projects, with both large and small funding opportunities. These two sites also seem most logical because they are so far the only ones that have campaigns in the same size category that the Deadpan campaign will be. Because both of the platforms have a massive amount of projects launched, I will not only have a lot of material, but will have to limit the projects I consider.

I have chosen to research crowdfunding campaigns that concentrate on animation, film or TV production, since these seem like the smartest ones to follow when planning the Deadpan campaign. Campaigns may differ in great ways depending on their theme, which is why choosing the right projects is important.

There are a couple different kinds of crowdfunding or crowdsourcing, which I am going to discuss later in the thesis. Since the Deadpan campaign will use reward-based crowdfunding, as do most of creative projects, I will be concentrating my analysis on that.

1.4 Core Definitions

There are a few concepts within crowdfunding that I would like to define for my thesis to prevent misunderstanding or confusion. Different platforms use different terms for the concepts, and so have I, so below are some core definitions.

- Campaign owner or Creator: The person or institution that is responsible for the campaign and benefits from it.
- Backer or Donor: The person or institution that contributes to a project (usually with funds) and collects a selected reward in return. By contributing the backer becomes a part of a crowdfunding community.
- Backer reward or Perk: Selected non-profit items or experiences that the backer receives in return of their contribution. The perks cannot include equity or any financial profit in a reward-based crowdfunding campaign.
- Pledge or Donation: The contribution that the backer puts in to support and fund the project.
- Platform or Site: Crowdfunding platforms are websites that work as networks between the backers and campaigners. They create the necessary organizational systems and can be curated to ensure safety on both sides of the transactions.

2 CONTEXT: CROWDFUNDING AND DEADPAN

There are a lot of alternatives to consider when starting a crowdfunding campaign; different types of funding like equity- or reward based, using a platform or building your own site and choosing between fixed and flexible funding. The statistics of crowdfunding platforms may vary, but some things seem to have a pattern throughout sites and strategies; projects fail in large amount whereas a few of them succeed. In addition to this, the failing projects usually do so by far, most of ex. Kickstarter campaigns only raise about 10% of their goal, and only a handful of the failed projects raised over 50% of their goal. Succeeding projects seem to have the opposite phenomenon: the goal is usually reached by a small margin and only half of the successful projects raise 10% over their goal. (Mollick, 2013). On the basis of these facts one would argue that crowdfunding campaigns are good indicators of a project's future success; a successful campaign is a clear sign of the project's popularity, and a reached goal and the amount of backers is a good indicator of future users or viewers.

Crowdfunding can be used to raise all of the funds needed, but is also widely used to finance a certain part of a project, as an addition to other finances. The creator of the campaign may at first raise funds for preproduction or screenwriting and then, when goals are met continue the campaign to the financing of production and distribution. In

some cases a successful campaign can lead to new productions, like in Suncreature Studio's animated short film *The Reward*, where the Kickstarter campaign was continued and led to funding of the series *Tales of Alethrion*.

Funding of creative projects usually consists of several different financiers, of which one can be crowdfunding. Like in any other funding situation, the backers need to be convinced to pledge money to the project, and it is probably an advantage to be able to prove that other financiers have supported the project. The already collected funds can be other backers, or in some campaigns the creator himself. In the Deadpan campaign most of the funds are raised earlier and only about a fifth of the budget will be crowd-funded.

2.1 Deadpan



Figure 1. The characters of the animated series *Deadpan* (Undo Ltd 2014)

Deadpan is an animated series and the subject of our crowdfunding campaign. It is a series of short overarching stories of life in a cloistered and outrageous western village, Ghost Town, where high culture collides with hillbillies.

Undo is a Helsinki based animation studio specializing in 3D-animation and computer graphics. The studio, established in 2002, produces high quality animation and supplies post production visual effects to both industry and commercial clients.

Undo owns 100% of the Deadpan IP, but the series is written by New York based Baboon Animation. Baboon Animation has provided directing, screenplays, design and

consulting for loved feature films and series like South Park, Madagascar and Shrek (Baboon Animation, 2014).

The phase cost status of the production of Deadpan is just under 80%, with funding from the Finnish Film Foundation, TEKES (the Finnish founding Agency for innovation), AVEK (the Promotion centre of audiovisual culture), Ely Keskus (Centre for Economic Development, Transport and the Environment) and Undo. Already financed parts of the production are concept development, web series preproduction and 50% of the production of the episodes. The remaining 22%, which is half of the production cost of 6 planned episodes, is what Undo hopes to raise using crowdfunding. The requested investment is 100 000 €.

Deadpan as a crowdfunding campaign has its pros and cons. The series strength lies in the script, concept development and characters, which are done in cooperation with Baboon Animation. Together Undo and Baboon have a lot of experience in animation production, which has affected the series quality and original concept. The originality of the series comes from its harsh deadpan humor, and although it's not suitable for the youngest in the family, it is appealing to many. The portfolio of the Deadpan writers is definitely impressive enough to be a forte in the marketing, which is a strength since publicity and attention is unarguably important in any campaign.

Although the fame of the Deadpan-writers is a pro, it is undeniably important to have some kind of an existing fan base when building a crowdfunding campaign. This is a crucial feature of the campaign and also one of the Deadpan campaign weaknesses. Undo is also properly new to the whole crowdfunding scene where, as in anything, experience is a virtue. Undo is also going all in with the budgeted amount of money to raise, which would obviously be a challenge for any campaign.

2.2 Alternatives in crowdfunding

Crowdfunding can be divided into three different categories, all of which serve their own purpose. Equity based crowdfunding (or donation based crowdfunding) is often used for financing of start-ups or small businesses, and is becoming a big part of the crowdfunding scene in addition to the funding of creative projects. Equity crowdfunding platforms connect starting businesses with angel investors, which makes the investing process much faster. Without a platform it can take months or even years to find inves-

tor angels, whereas an entrepreneur can find angels and negotiate a deal in a matter of hours using a platform. (Freedman & Nutting, 2014)

Debt-based crowdfunding is another way of financing start-ups, which became popular after the 2008-2009 financial crisis and the sudden difficulties of getting bank loans. Debt-based crowdfunding, or peer-to-peer lending, lets borrowers apply for unsecured loans and then pay it back with interest (Freedman & Nutting, 2014). Debt-based platforms like Lending Club and Prosper.com have quite a low approval percentage for loan applications, which makes the process more reliable for backers.

Reward based crowdfunding is the most popular and probably the best one to use for creative projects. Projects can attract donors with the promise of a certain reward, which usually varies according to how big the donation is. Although the rewards are an important part of a good campaign, are many of the donations less than the required minimum amount. This points to the fact that a part of the backers choose to donate without expecting any reward, simply to support the campaign.

Most platforms only allow fixed funding campaigns. This means that you set a goal for the amount you want to raise with the campaign, and if you do not reach the goal your backers credit cards will not be charged and the project doesn't get any funding. However some platforms, like Indiegogo offer a choice of flexible funding, which means that you are allowed to keep the raised money even if you don't reach your goal. (Indiegogo, 2014). On Indiegogo most creators use flexible funding; in august 2013 there was almost 26 000 projects posted on the site, from which only 469 projects used the fixed funding option (Renninger, 2013). Although flexible funding is the more popular alternative, only about 13% of the projects raise over 75% of their goal, whereas the comparable number in fixed funding on Indiegogo is 24%. The flexible funding option can also be a bit more expensive; the pricing rate on Indiegogo is 4% if the project reaches its goal, but the rate is 9% if the creator chooses to cash incomplete funding. The advantages of both alternatives can be discussed, but fixed funding seems to have a better success rate throughout platforms. As an example, the success rate on Kickstarter, where all funding goals are fixed, was 40% in November 2014 (Kickstarter, 2014), which is considerably higher than on Indiegogo.

2.2.1 Kickstarter

Since its launch in 2009 Kickstarter has grown to be the biggest reward based crowdfunding platform with almost 75 000 successfully funded creative projects and 7,5 million backers in total (Kickstarter, December 2014). The thousands of active campaigns on the site are divided into 13 different categories of art and creative work and the funding goals are from a couple hundred dollars to millions, depending on the project.

Kickstarter is only a platform and meeting place of backers and creators, which means that all projects on Kickstarter are independent and the creator owns 100% of the IP. The cost of using the site is a fixed 5% fee of the collected funds (not involving external costs like Amazon payments), which means that the service is free of charge in the event of a campaign being unsuccessful.

Kickstarter was originally only open to projects based in the US, but has since spread to Canada, Australia and New Zealand and finally to Europe when they opened to projects based in Scandinavia, UK and Ireland and the Netherlands in 2014. In theory this means that the creator and the project needs to be based in any of the said countries to launch a campaign on Kickstarter, but there are options for citizens of other countries to launch their project. The project needs to have an ex. US bank account and social security number (or EIN / Federal tax identification number), so what the creator as an example can do is to add an US citizen to the team and be entitled to the credentials that way (Harris, 2014). However, in cases where non-US citizens want to launch projects on Kickstarter it is advised to seek legal help before launching.

Even though the projects need to be based in certain countries, backers from all over the world can pledge to campaigns on Kickstarter. It is quite simple to pledge on the site; the backer just clicks on a “back this project” button and fills in the requested information. The pledged amount is always in the currency that the creator has chosen, and by pledging the backer is committed to support the project. Even though a backer can only pledge for a project once, the pledged sum and backers reward can easily be changed until the campaign’s time is out and the backers credit cards are charged. It is fully possible to pledge anonymously because the backer chooses his own account name, which is the only thing that will show on the site’s “Backer’s tab”. The Backer tab is a list of the people who are supporting the project and the way pledges are

acknowledged on the site. The list doesn't display the pledged amounts; only the project creator can see that.

Backers usually find projects on Kickstarter through personal contacts, but the site also offers newsletters and search methods to help one find the right projects to support. Kickstarter also offer a "Staff Picks" forum, where the staff of the site lifts projects that they enjoy or that they believe are interesting. Staff Picks are widely discussed; how does one become a Staff Pick and is it fair that some projects are marketed by the site? Getting picked by the staff increases the projects reliability and makes it more approachable for backers, but also affects the visibility enormously.

L7: Pretend We're Dead



L7: Pretend We're Dead:
The story of the fierce,
funny and feminist
pioneers of American
grunge punk

Created by
Blue Hats
Creative, Inc



1,463 backers pledged \$130,480 to
help bring this project to life.

Figure 2. The L7: Pretend We're Dead campaign was a Kickstarter Staff Pick. Kickstarter 2015.

Kickstarter is not artistically curated, which means that anyone can start a campaign and the creator is responsible for its own project and campaign. However, before a project is launched on the site it goes through a quick review to make sure they fill the criteria needed. There are also exceptions where Kickstarter can cancel campaigns if they seem fraudulent or are inappropriate, insulting or unrealistic. It is clearly stated on the Kickstarter homepage that a project may be suspended if the Kickstarter Integrity team uncovers evidence that it is in violation of one or more of Kickstarter's rules:

- Misrepresentation of support, through self-pledging
- Misrepresentation or failure to disclose relevant facts about the project or its creator

- The creator provides inaccurate or incomplete user information to Kickstarter or one of our partners
- The characteristics of the creator account overlap with the characteristics of backer accounts that pledged to their project
- A party related to the creator is posing as an independent, supportive party in project comments or elsewhere
- The creator is presenting someone else's work as his or her own
- The creator is offering purchased items, claiming to have made them

(Kickstarter, 2014)

Comparing to the number of launched campaigns on Kickstarter, there aren't a lot of cancelled projects in the site's history. Probably one of the biggest ones, or at least a very public one, is the Kobe Red campaign. Kobe Red was a campaign for raising funds for a Kobe Beef jerky, which quickly experienced tremendous success and over \$120 000 in pledges. The campaign, created by a company called Magnus Fun, was quite suspicious from the start with a poor pitching video and very little real information of the creator, but still managed to get over 3000 backers. It wasn't before a documentary called Kickstarted begun their research that the real discussion of the projects reliability blossomed. Finally, after some raised concerns from the Kickstarter users and the documentary, Kickstarter cancelled the campaign, only hours before the scheduled closing. (CNNMoney, 2013).

2.2.2 Indiegogo

Indiegogo was officially launched in January 2008 at Sundance Film Festival, being one of the earliest crowdfunding sites. In the beginning the platform focused on the funding of independent film, but as the sites popularity grew the subjects of the campaigns started varying. Contrarily to Kickstarter, there are no criteria for what kind of project can become an Indiegogo campaign, and the project categories are wider because of that. There are also a lot of charity campaigns on Indiegogo, which are prohibited on Kickstarter. Indiegogo is still a reward-based platform, but according to CEO Slava Rubin the site hopes move towards equity-based crowdfunding once they clear the US laws around it (FOXbusiness, 2014).

Unlike Kickstarter, Indiegogo does not reveal statistics about campaigns and pledges to the public. While Kickstarter updates their statistics every day, some of the Indiegogo information is from 2013, which can make the comparison slightly distorted. Indiegogo does announce some specific statistics, as an example that the site has over 275 000 launched campaigns. However, according to external research in 2013 there were only 142,301 launched projects on Indiegogo (The Verge, 2013), which might be explained by the information being old. In another comparison by Jonathan Lau discovered that Indiegogo de-lists campaigns that raise less than \$500, which again lowered the number of launched projects in 2013 to only 44 000 (Lau, 2013). Based on the numbers from the Verge, a 100% success rate is estimated to be only 9.3%, which is very low compared to other sites. In this context we still need to remember that there is a flexible funding opportunity on Indiegogo, so the creator can cash the funding without the goal being reached.

Indiegogo is an international platform with projects from 224 countries (Indiegogo, 2014), which contributes to the Indiegogo mentality of crowdfunding being for everyone, all over the world. Although Indiegogo is an American company, up to 30% of the campaigns are from outside the US. The site is getting more popular within international projects, which again increases the variability of the projects.

Indiegogo is not only flexible for campaign owners, but also backers, or contributors as they are called. The site offers multiple payment methods, including all the major credit cards and PayPal and is the first platform to accept ApplePay. As on Kickstarter, the campaign owner chooses the currency in which they want to receive their funds, but the contributor can pledge in any of the accepted currencies (\$USD, €EUR, \$AUD, £GBP or \$CAD). (Indiegogo Playbook, 2014). The contributor can also choose to pledge anonymously or on the behalf of someone else. Contrary to Kickstarter, the contributors credit card is charged immediately, instead of after the campaign is over. Indiegogo also offers tax-deductible contributions for nonprofit campaigns and some Fiscal sponsor organizations. Fiscal Sponsorship is a partnership between nonprofit organizations and Indiegogo campaigns, where nonprofit organizations can offer their legal and tax-exempt status to Indiegogo campaigns that relate to the organization's mission (Indiegogo Help Center, 2014). To start a Fiscal sponsorship the organization needs to have a 501(c)(3) nonprofit status in the US.

Like on Kickstarter, there have been controversial and fraudulent projects on Indiegogo. During 2014 Indiegogo has been receiving some very bad publicity because of a campaign called Healbe, which was probably one of the most public fraudulent campaigns on the sites history. Healbe was a device that claimed to count the amount of calories the user takes in and burns by measuring the data through their skin. The technology was claimed to be scientifically implausible time after time, but the campaign was approved by Indiegogo and got to stay on the site although its fraudulent qualities. The PR blows against the campaign and the creators continued as the Moscow-based company GoBe refused to let any outsiders test the device. In April 2014 the campaign closed successfully with over \$1 million raised of its \$100,000 goal, with scientists, journalists and Indiegogo users furious with the sites decision of letting the campaign continue.

Healbe GoBe: The Only Way to Automatically Measure Calorie Intake

San Francisco, California, United States | Technology

7.8k | Story | Updates 18 | Comments 2,274 | Funders 4,462

543 | 126 | 8+1 | Email | Embed | Link | Follow

Healbe GoBe - The only 100% Automatic Body Manager

Calorie Intake | Calories Burned | Heart Rate | Stress Levels | Hydration Levels | Sleep Status

GoBe is the first and only wearable device that automatically measures the calories you consume and burn, through your skin.

\$1,081,070 USD
raised by **4,462 people** in 1 month

1,081% funded | 0 time left

\$100,000 USD goal
Flexible Funding

CAMPAIGN CLOSED
This campaign ended on April 15, 2014

SELECT A PERK

\$209 USD | **Featured**
GoBe You!

Figure 3. The HealBe GoBe –campaign raised over \$ 1 million. Indiegogo 2015.

Indiegogo also suffered some major PR problems during the HealBe campaign. The site had stated to have a “comprehensive fraud-prevention system to protect the users” (Robinson, 2014), but when the clearly fraudulent campaign was detected, Indiegogo refused to suspend it. Instead, when faced with this necessity, Indiegogo removed the promise of their fraud detection from their site. Below is the previous text from the site:

Indiegogo has a comprehensive fraud-prevention system to protect our users. All campaigns and contributions go through a fraud review, which allows us to catch any and all cases of fraud. If we find fraudulent contributions on your campaign, we may remove them from your campaign Funds and Fulfillment pages. We may also ask you for more information, if we determine your campaign to be a high fraud risk. Finally, all campaigns that raise money go through a final examination before any funds are disbursed. (Robinson, 2014)

For comparison, below is the post- HealBe text:

Indiegogo has a comprehensive fraud-prevention system to protect our users. Campaigns and contributions that have been flagged by our fraud detection system go through a thorough review. If we find fraudulent contributions on your campaign, we may remove them from your campaign Funds and Fulfillment pages. We may also ask you for more information, if we determine your campaign to be a high fraud risk. In a final step, we perform an examination before funds are disbursed. (Robinson, 2014)

Suspect campaigns and PR disasters have caused the year 2014 to be a quite turbulent time for Indiegogo. Some users and media have even predicted that Indiegogo's "anyone can raise money for anything" attitude alongside their poor transparency could lead to the site's downfall.

3 BACKERS AND MARKETING

The most central questions for me about the campaign donors or backers are: who backs the projects, how do they behave and how does one reach them? Comparing some successful projects there seems to be one common throughout; familiarity. Smaller campaigns, which aim for a funding of maybe a couple of thousand dollars, can very well reach their goal by marketing mostly to friends and acquaintances by word of mouth and ex. Facebook. But familiarity has a huge impact in large projects too, and it seems all creative campaigns with say a 1 million dollar goal are owned by celebrities or are already well known concepts. There are several examples of this, like Zach Braff's independent feature *Wish I Was Here* or the remake series of *Morph* by Aardman. The benefit of familiarity lies in the fact that these projects already have steady fan base, which is invaluable, if not necessary, for a crowdfunding campaign.

3.1 Interaction

For this thesis I interviewed Mikkel Mainz, who is the director of the shortfilm *The Reward* and the creator of a successful Kickstarter campaign. According to Mainz the most important part of his campaign was the interaction with their backers, which was very

active with events and daily posts. Mainz's campaign used mostly online marketing, and being diligent on all kinds of social media platforms, they managed to find new backers, but also inspired the backers to continue sharing. Whether or not succeeding with a snowball effect of sharing seems to be a make-or-break point for crowdfunding marketing, and Mainz agrees on it being the most important cause to why their campaign succeeded. To spread awareness of the project is a good start, but common knowledge of the project is not yet raised money, the campaign still needs to convince backers to actually fund the project. "If you reach out to people who find your project useful or new, a fan base or someone who believes in you and want you to succeed, then they donate. But I also believe the rewards/gifts are appealing to some", Mainz ponders. Consequently, a campaign needs to have an exciting idea, a sympathetic creator and some clever rewards to motivate the backer.

Analyzing the backer dynamics and understanding how pledging works can also have significance in planning a campaign and the marketing of it. A report on backer dynamics in Kickstarter (Kuppuswamy & Bayus, 2013) suggests that pledging for a project is negatively related to its past backer support. This means that potential donors are often put off by a project's success during the early campaign, because it, in a way, decreases the backers' feeling of importance for the funding. When potential backers assume that others will provide for the funding, an initial hype of the campaign is often followed by a downward trend in backer support. This is not by default a bad thing, since in many cases ex. Kickstarter Staff picks or other "favorites"-services might have noticed the excitement around a certain campaign. Still, it is crucial to keep the campaign going during this time because, as Kuppuswamy & Bayus (2013) suggest, the pledges start increasing again as the deadline approaches. The creator's activity in posting on the campaign site typically correlates with pledges rolling in, and in most cases the project updates increase towards the end of the campaign as the creator makes their last pleas for funding.

The early hype of the campaign combined with the increasing campaign support towards the end builds a bathtub-shaped graph, where the support drops in the middle part of the campaign. In a way, the start of the campaign is the most crucial part, and research shows that projects that raise over 50% of their funding at an early stage are probably going to succeed. Because of sympathetic human nature, it is likely for the backers to carry a project to its goal in case it is already mostly funded. This is evi-

denced by the fact that very few projects fail after they've reached about 85% of their goal, because the backers experience a "they're almost there" mentality. (Kuppuswamy & Bayus, 2013). Basically the only cases where the backers interest towards the project decrease towards the end of the campaign time are when the backer contact and updates are poorly maintained.

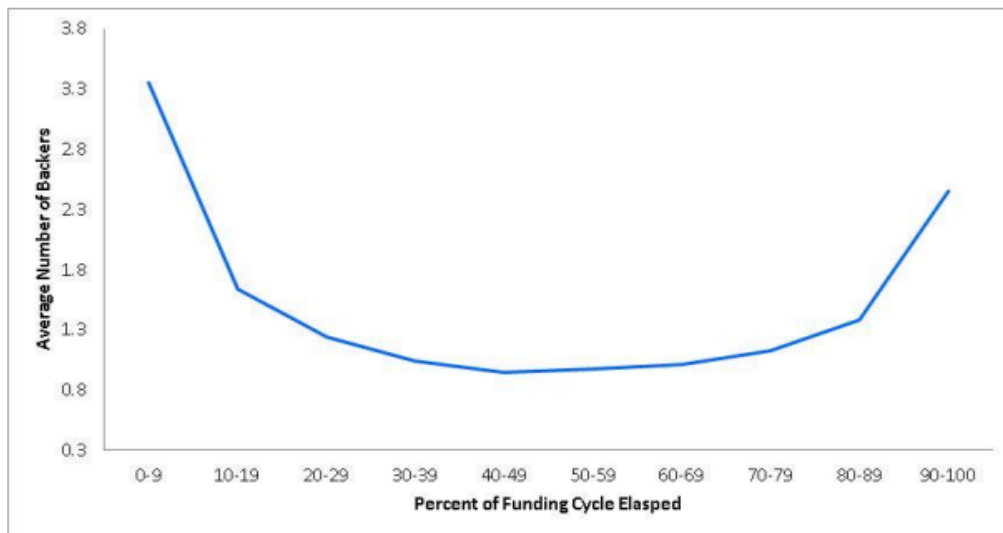


Figure 4. A graph of the average number of backers compared to the percent of funding cycle elapsed forms a bathtub-shape. Kuppuswamy & Bayus, 2013.

Keeping the interest on a campaign site up is undoubtedly a full time job, and neither the amount of work or the impact of it should be underestimated. The impacts of social media on crowdfunding are widely discussed, and a research in the matter (Lu et al, 2014) suggests that a projects success can be predicted by the creator's social media connections, as an example how many Facebook friends the promoter has. The report shows that features of social promotion such as number of updates and other social media activity and number of promoters correlate with campaign features such as number of backers and average amount of pledge per backer. (Lu et al. 2014). As I previously discussed, the amount of both pledges and updates in social networks drop after an initial hype, but it is still important to continue the social connections. This is due to the fact that the more a project is discussed on a social platform the more attractive it is to investors (Lu et al. 2014).

By comparing some successful campaigns of Kickstarter and Indiegogo I have found that while research shows that social media connections usually predicts the success of a

campaign, it does not always correlate with the amount of backers. I looked into 4 different projects; The Reward – Tales of Alethrion (Kickstarter), Iron Sky – The Coming Race (Indiegogo), Kung Fury (Kickstarter), L7: Pretend We’re Dead (Kickstarter) and Todd & the book of pure evil: The end of the end (Indiegogo). I compared backer statistics with shares and an existing fan base (likes on Facebook), and soon realized that it is hard to find consistency in the projects, especially The Reward, that showed opposite results to the hypothesis. It is interesting that The Reward raised almost 143 000 dollars (124% of their goal) with only about 140 Facebook shares of their campaign. This could be explained by the quality of the donations, but the statistics show that the average amount pledged was only 36 USD, which is quite a standard amount. Instead, the low sharing percent is more likely explained by the campaign being heavily marketed on other media platforms.

Table 1. Backer statistics compared to social media connections of five campaigns.

Project	Iron Sky - the Coming Race	Kung Fury	L7: Pretend We're Dead	Todd and the Book of Pure Evil	The Reward
Money raised USD	575 494 (112%)	630 019 (315%)	130 480 (135%)	123,16 CAD (164%)	142 987 (124%)
Backers (average pledge)	8307 (69 USD)	17713 (36 USD)	1463 (89 USD)	1475 (83 CAD)	3920 (36 USD)
Campaign shares on FB	16 000	14 930	22 229	5 500	140
Existing fanbase (likes on FB)	191 680 (Iron Sky page)	42 423 (Laser Unicorns page)	101 019 (L7 Official page)	34 892 (T&BPE page)	3 201(the Reward page)
Backers / likes	4 %	42 %	2 %	4 %	122 %

In the table above we can compare statistics of the five campaigns. The “existing fan base” is the Facebook page that best portrayed followers of the project, which also was the page that the campaigner would use in their marketing. The page chosen as reference does not describe the amount of followers before or after the launch of the campaign, but both combined, so the “campaign shares on FB” figure might be more trustworthy for measuring campaign popularity. The “backers/likes” percentage tells us how many percent of followers donated for the campaign. The figures of these campaigns are confusing, and the statistics are affected by many variables, like several online marketing platforms, the history of the project or the quality of the backer rewards.

As an example, it is interesting, that while the campaigns L7: Pretend We’re Dead and Todd and the Book of Pure Evil have similar numbers in funding, backers and average pledge, they are quite different in their social media connections. Similarly, Iron Sky has 4,5 times more followers on Facebook than Kung Fury creator Laser Unicorns, but Kung Fury still had more than twice the amount of backers, and also ultimately raised

more money than Iron Sky. Consequently, the projects that are proportionally most alike are Iron Sky and Todd and the Book of all Evil.

3.2 Backer rewards in creative projects

In equity- or debt based crowdfunding the funder gets a very concrete compensation for their support and input for the project in form of either shares or interest. However, reward based crowdfunding is much more suitable in creative projects, which adds an extra variable to the campaign. Because any repayment strategies or financial incentives are prohibited on most platforms for creative projects (like Kickstarter or Indiegogo), the campaign owners are expected to thank their supporters for pledging with special perks or rewards. Rewards are modest gifts, which depending of the nature of the project can be anything from a preorder of the product to credits in a film or album. Backer rewards are a part of the pledging process for a backer, and influences support alongside online marketing or ex. a pitch video. There are some very clever examples of backer rewards, and they can even be used as a part of promotional material or creative input in the project. Proper planning of the rewards is important, because they are the tipping point of whether someone pledges or doesn't, and how much they donate. In addition to making the rewards desirable, the creator also needs to make sure that they are profitable enough and realistic to deliver.

Yancey Strickler, co-founder of Kickstarter, breaks Kickstarter rewards into three basic categories: a copy of the thing (a preorder of the product), sharing the story (engaging the backer in the development of the project by offering a token related to the project) and creative experiences (special access or participation in the project) (Miller, 2015). However, these are just basic definitions, and the creators should always be creative and choose rewards that benefit themselves and the backers equally. When planned poorly, the rewards can be the downfall of a campaign; delivering the perks can be surprisingly difficult, and many projects find themselves unable to actualize their promises. Especially projects in the Design and Technology category (where many use preordering as a reward) the majority of the projects fail to deliver their rewards as promised (Mollick, 2013). If the creator chooses material rewards, “a copy of the thing”, it is highly advised to research different delivery options and calculate the costs thoroughly to ensure that the perks are cost effective both in large and small amounts. The logistics, especial-

ly when delivering abroad, are a widely acknowledged problem in the crowdfunding community, and many campaigns have chosen to appoint any extra delivery costs to the receiver.

Immaterial and electronic perks may be more effective without the additional delivery- and packaging costs, but can still be very laborious. Personalized rewards need to be planned and executed for every backer separately, which requires resources in personnel. On the other hand, electronic perks like newsletters and updates can be quite quick to handle and at the same time appreciated and effective as a marketing tactic. Another immaterial reward can be crowdsourcing a creative project; letting the backers impact the product. An increasing amount of campaigns use perks where the backer gets to write a line in a movie, see early versions and have a say during the editing time, come up with a personalized design for a product or compose a beat for a musical project. Even though these kinds of rewards are cheap or even free to produce, they can be an invaluable memory for the backer. Since most backers want to be a part of the project, and not only as a funder, it is tempting to donate a larger amount if there is a chance to visit the film location or have dinner with the lead actors. Many reports suggest that the feeling of being a part of a community or a team is more valuable for the backer than merchandise.

Kuppaswamy and Bayus (2013) state that an average project on Kickstarter has more than six reward categories and that projects that have many reward categories are more likely to receive additional backer support. This concludes that the campaign's reward alternatives should strive to be as broad as possible, without sacrificing the quality of the perks. The amount and quality of rewards should be balanced, but of course there are financial and geographical limitations to consider. Besides trying to include the different kinds of perks mentioned earlier, it is probably good to offer a "crowd pleaser", a reward that appeals to a wide audience in pricing, desirability and geographic availability. As a simple example, it would not be effective to propose a launch party for backers in Finland if most of the backers are from overseas. It is generally difficult to make rewards that require physical attendance work, especially if the project is not based in the US or UK, where most of the backers are. If the creator is having trouble finding the right "crowd pleaser", it can be a good idea to just simply ask what the backers want to see as a reward.

Besides choosing appropriately priced and integrative rewards, it is recommended to offer a “1 dollar perk”, something small that the creator can give for a minimum donation. The 1 dollar perk will probably not affect the campaigns outcome, but it is an important part of luring potential backers. By putting a low price on the first reward category the creator hooks an unsure backer to pledge, and consequently keeps him updated on the development of the project. The rewards offered in the 1 dollar perk category are usually newsletters and other promotional material that will benefit the campaigns marketing, and are therefore profitable. Rewards that double as promotional material are arguably the cleverest ones; not only do they bring funding to the project, but also spread acknowledgement. Examples of these are customized Facebook cover photos (with ex. a personal thank you to the backer), stickers or other virtual merchandise, but even basic t-shirts or caps can be seen as a marketing utility.



Figure 5. The Iron Sky customized Facebook cover photo. (Screen cap of the Iron Sky Facebook page, 2015)

4 THE CAMPAIGN

A campaign can be defined as intensive activity with the intension of affecting a large group of people within a specific period of time. Another defining part of a campaign is a planned communicational activity that is typically bound to a theme, which sets the tone of advertisement, messages and other promotional material. Crowdfunding campaigns are in their core alike any marketing campaign, but they include some specific similarities. Campaigns on the same platform are by default visually resembling, but also have a lot of the same content; typically they all have a component of presenting the project and a motivating people to pledge, introducing the crew, visualizing a brief

of the budget and of course presenting the backer rewards. Kickstarter also encourages the creators to add a “risks and challenges” title, which however does not seem to be mandatory to fill. With all of the contents above being important, the most crucial part of the campaign site is definitely the pitch video.

4.1 The Importance of the Pitch video

The pitch video is the first impression of the campaign, and like first impressions in general, it should be impressing and likeable in its qualities. Different crowdfunding platforms are united in their suggestion of every campaign needing a pitch video, and on some sites it is even obligatory to upload one, which only underlines the importance of the pitch. The pitch video conveys the message of the campaign and the overall style of the project, and should do it in an effective and entertaining way. The most central things to consider while making the pitch video is to make sure that it is informant and clear enough without sacrificing the originality and a personal style. With hundreds of sites and millions of crowdfunding campaigns running at any moment, it is needless to emphasize the relevancy of separating from the crowd.

Researching pitch videos on Kickstarter and Indiegogo it is noticeable how the videos have been evolving towards a bolder and more imaginative style. Some of them go overboard and fail to evoke interest because of their confusing and uninformative pitch, which may even cause distrust. A good example of an original, stylish and attractive pitch video is the one in the *L7: Pretend We're Dead* –campaign on Kickstarter (Kickstarter, 2015). The clip does not only strongly intermediate feeling, but lets the viewer know what the project and its makers are all about without numbing speeches and technical information. Still, the genius in the pitch is that the video cleverly awakes curiosity in the viewer, which is precisely how a pitch should work. The video also has a clear visual touch, which gives the viewer an idea of what the end result might look like. Communicating a visual plan in the pitch video is especially important for all campaigns within the audiovisual branch, and there is really no reason to overlook presenting a cinematographic style while making the pitch video.

Simply presenting the idea of the project is not the pitch’s only purpose, but it is also a chance for the creator to make a direct and personal plea for funding. Communicating the request can arguably be tricky, and at this point we are reminded of the importance

of building a community surrounding the project. Emily Best, the Founder and CEO of the crowdfunding platform Seed&Spark, advises pitch video makers in the following way:

“Do not ask for *help* with a donation. [...] The tone of your campaign should be asking someone to *join* what you are offering with a contribution [...] That tone has to permeate everything in crowdfunding your campaign” Emily Best (Film Courage, 2014)

What Best discusses above is basically that the creator should not see the campaign as begging for donations, but as inviting people to join the project, and that is what should be communicated in the pitch video too.

4.2 Timing and demands of the campaign

When planning the campaign to be as beneficial as possible for the project, the creator needs to consider what a long-term commitment running a crowdfunding campaign is.

Committing to the campaign starts months before the launch, with designing the presentation of the project and the pitch video, and also planning rewards and deliveries. Besides planning the content of the site, it is suggested by various crowdfunding experts to also start the marketing of the project well ahead of the launch. The potential in using the campaign as a marketing strategy lies in, besides the obvious visibility, the aftermaths of the campaign, and how the creator chooses to apply the reputation of the project. This is why it is important for project owners to also consider long-term impacts of the campaign, and think ahead of a successfully raising the funds. Just the preparing of a crowdfunding campaign on the sites compared in this thesis is easily a six-month engagement, even if the fundraising is only running for a month. The whole process of a major crowdfunding campaign can reach a timeline of 1-2 years (Hui et al, 2012).

Establishing a timeline for running the campaign is probably something every crowdfunding beginner wonders about. Both Kickstarter and Indiegogo advise their fundraisers to keep it short; the campaign time can vary from one to sixty days, but the platforms claim that campaigns that run for about 30 days, or at least under 40 days, are the most successful. (Kickstarter, 2014. Indiegogo Playbook, 2014). This is because it is easier to build momentum for a short time, but also because it is very hard to engage the audience for a long period of time. For many projects it is also a question of limited resources.

Marketing is seen as the most time consuming part of the crowdfunding campaign, and should start early in the planning process. Beginning on a word-of-mouth level is appropriate, and making sure that as many people as possible are aware of the project by name does not harm even if something goes wrong with the campaign. At the early stage it is all about building your community and including all possible contacts, but as the campaign launch approaches the network should reach more than personal contacts. It is suggested to have 30% of your funding goal granted before the launch of the campaign, so that as much money as possible is raised during the first few days. Of course the marketing is most intense during the live campaign, and Hui et al. (2012) estimate that the work load is 2-11 hours a day through that time.

Because the campaign times are short, it is crucial to be well prepared and completely ready when launching the campaign, and not try to rush it because of exterior motives. When planning the launch day it is beneficial to choose a moment when potential backers are going to be connected, which makes normal office days and busy season the most attractive dates. The least profitable timings are on the contrary common holiday seasons like Christmas time or the summer months, when the online audience is smaller. Indiegogo (Indiegogo Playbook, 2014) suggests that the best weekdays to launch are Monday and Tuesday. The site claims that campaigns that launch during those two days raise 14% more in their first week, which can be explained with the momentum the campaign builds during the rest of the week.

When discussing demands of a campaign there is one part that creators always seem to underestimate: producing and sending the rewards. It is recommended to have all rewards sent within max. 2 months, but sadly most projects do not finish this stage until six months or even a year (Hui et al. 2012). Delivering as promised is an important part of maintaining relations to the backers, and most projects are forced to hire extra manpower to execute the shipping. Although shipping the rewards is probably the most laborious part of the aftermath of campaigning, it is not the only thing to manage once the funding goal is reached. The creator of a successful campaign owes the backers a continued state of communication and proof of how their pledges are being used. Even though the raising of funds is over, the relationship to the backers should not be forgotten. Instead, it should be seen as an opportunity to continue the marketing and production of the project.

5 CONCLUSION: THE CAMPAIGNER'S CHECKLIST

To conclude all the research and information of this thesis I have put together an example of guidelines, or a checklist, to follow when going through the process of a crowdfunding campaign. I have narrowed it down to five stages; planning, preparing, testing, execution and completing the campaign. Each of the stages include vital points in the process, but also sets up goals that the creator should reach by that particular stage. The stages are partially timed, but naturally, depending on the project, some of the stages overlap and some of the points can be executed in a different order.

1. Planning

- Understanding the process and demands of a major crowdfunding campaign.
- Summarizing a complete plan of the project in question.
- Evaluating crowdfunding as a financing strategy for that particular project and weighing potential gains and losses of the process.
- Analyzing the kind of resources needed for running the campaign and putting together the perfect team.
- Concluding the target audience for both backers and consumers.
- Plan a detailed, realistic and honest budget for the project and the campaign.
- Choose the appropriate platform for the campaign.

2. Preparing (3-6 months before the launch)

- Setting a campaign timeline.
- Making a comprehensive and effective marketing plan.
- Preparing a project description.
- Creating the perfect pitch video.
- Planning the different backer rewards.
- Planning the production and delivery of the backer rewards.
- Begin the marketing by notifying personal contacts.
- Decide the funding goal.

- Make sure you have the relevant skills within the campaign team and use outsourced help when needed.

3. Testing the material (1-3 months before the launch)

- Use a test group to get feedback on your material and ideas.
- Make the changes needed.
- Continue marketing the project in an ascending fashion.

4. Execution (before launch and during the campaign)

- Maximizing marketing of the project.
- Have 30% of the funding goal granted by immediate contacts before the launch.
- Launching the campaign and reaching 30-40% of the goal during the first week.
- Intense updating and backer communications.
- Preparing and delivery of electronic rewards.
- Preparing of material rewards and shipping.
- Weekly evaluations and adjustments of the campaign.
- Putting out a final plea during the last week of the campaign to ensure reaching your goal.

5. Completing the campaign

- Immediate production and shipping of rewards.
- Planning and executing continued communications with the community.
- Evaluate the process and the future potential.
- Start your production.

5.1 Discussion: Crowdfunding and Deadpan

As discussed earlier in the thesis Undo's Deadpan has some strengths and weaknesses when it comes to using crowdfunding as a financing strategy. The requested amount of funding is quite large compared to the existing fan base, and there are a couple of alternatives that Undo might want to consider. The first one is to gather a team with large existing networks and purpose partnerships with people or organizations whose fan base this project needs to reach. By exploiting several different networks the project can build a much larger community than it ever could on the basis of their own fans. The other alternative is to start with a smaller campaign and first try to raise ex. half the amount. If that first campaign is successful the project has had time to build a community, which they can use in a second campaign, raising the total amount. The second alternative might be more time consuming, but it is less risky if the project chooses to use fixed funding.

When choosing platforms and making the choice between fixed or flexible funding one needs to consider several details, but for me the important ones are: which platform is appropriate for the funding goal, which one is fair with rates and which one is the kindest towards its users, both backers and creators. Both Indiegogo and Kickstarter host campaigns of Deadpan's size, so neither of them is a bad choice when it comes to the first point. In their rates they are quite similar, with Indiegogo being more expensive when choosing the flexible funding. It is in their principals these two platforms differ; Indiegogo goes with "anyone can crowd fund" while Kickstarter has a more strict policy with fraudulent campaigns. During the couple last years Indiegogo has been strongly criticized for their suspicious campaigns and poor judgment in PR, while Kickstarter is showing great transparency in user statistics and harsher whistleblowing. If Undo chooses to go with flexible funding they obviously need to use Indiegogo, but fixed funding and Kickstarter has shown better qualities in success rates and would therefore be my suggestion.

When it comes to running the campaign Deadpan has some great opportunities. Because of its strong concept they have a great foundation to modify the campaign to look coherent and feel unique and well planned. By using animation and humor they have a chance to create a visually original, pushing the boundaries -kind of pitch video, which by all means should work. The same style and feeling is adaptable in to the storytelling

of the campaign site and the backer rewards, which should make the campaign a working concept as a whole. With the backer rewards I would suggest to use as many different types of rewards to fit as many backers as possible, and overall the project has technically a good starting point when it comes to creating original and quirky rewards. Although, because the company is based in Finland, it is geographically in a tricky place, which is why it is probably smart to keep the material rewards to a minimum.

When it comes to marketing Deadpan the campaign team is in for a challenge. Since most of Kickstarter and Indiegogo users are from overseas the marketing should be steered towards that area. The problem is that a big part of their personal contacts, which are the most important part of kick starting the marketing process, are probably not there. Even if the geographical restraints are a lot less problematic when using online marketing and social media, word of mouth is still a lot slower when it has to travel. I mentioned the benefits of exploiting several different networks earlier, and some US contacts might be an advantage to the project. Luckily, the animation industry is relatively small, which might affect the difficulty of finding partners.

Above all, an even somewhat successful crowdfunding campaign is great marketing opportunity for a project like Deadpan. Going through with a crowdfunding campaign raises a lot of awareness and encourages people to get involved in a completely different manner than a basic marketing campaign would. By building the crowdfunding community, Deadpan would probably also builds a whole new fan base, which would of course affect Undo's future productions. Since a successful crowdfunding campaign is a good meter on how popular a concept or a production is, the campaign also affects the projects value in distribution and future funding possibilities.

Whether or not Undo chooses to use a crowdfunding campaign to finance the rest of their production I have found writing this thesis helpful for my competency. Crowdfunding definitely deserves the warm welcome it has received in the creative branches, and we can only speculate about the threats and potential in this alternative financing strategy's future. As crowdfunding attracts an increasing amount of actors and ideas, it also grows a dubious, negative side of the business. Fraudulent and unreliable activity is becoming more common, which naturally makes potential backers hesitant and damages the spirit of crowdfunding. Another threat for the crowdfunding world is it becoming too rich in big actors; the famous project owners draw so much attention to themselves

that smaller projects eventually don't have a chance to compete with the big guys, which obviously works against the principles of crowdfunding.

Right now, because of the explosion-like popularity and fierce competition in crowdfunding, it might be getting more difficult to successfully raise funds, and we can only hope that the trend soon reaches a broader worldwide audience. The signals today suggest that crowdfunding will develop further and become more specialized, building forums for all different kinds of communal interaction. There are also manners and norms appearing within the crowdfunding community; as an example, many crowdfunders think that it is a custom to contribute back to the community after raising money. (Hui et al. 2012) This kind of communal thinking builds a kind of an ecosystem, which is critical for the healthy evolution and growth of crowdfunding.

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APPENDICES - BILAGOR

Appendice 1

Crowdfunding som verktyg i finansiering och marknadsföring

Crowdfunding, som också på svenska kan kallas för gräsrotsfinansiering eller folkfinansiering, är ett relativt nytt finansieringsalternativ, som globalt har blivit väldigt populärt, inte minst bland kulturprojekt. Crowdfunding går ut på att producenten av ett projekt istället för att gå till några valda finansiärer försöker uppmuntra en grupp av individer, ofta fans av ett koncept, att donera mindre insatser. *Reward-based crowdfunding*, eller belöningsbaserad folkfinansiering, går ut på att bidragare (*backers* på engelska) donerar en vald summa pengar åt ett projekt, och får som ett slags återbäring en belöning. Som belöning kan man få allt från presenter till någon upplevelse. Belöningarna har oftast en koppling till projektet som bidragits till, och kan också vara något som gynnar projektet i fortsättningen, som t.ex. marknadsföringsmaterial. Största delen av crowdfunding ordnas via nätbaserade crowdfunding plattformar, d.v.s. forum som kopplar samman projekt och bidragare. På plattformerna lägger företag eller andra projektägare upp kampanjer där de söker bidragare till sina projekt, såklart emot belöningar som också presenteras på kampanjsidorna.

Mitt examensarbete är projekterat och jag har med hjälp av att undersöka crowdfunding kampanjer, plattformar och tidigare forskning sammanfattat strategier för genomförandet och marknadsföringen av en kampanj för en animerad serie, Deadpan. Jag valde att presentera vad jag kommit fram till i form av en checklista, som tar upp de viktigaste sakerna att komma ihåg då man planerar en crowdfunding kampanj. Checklistan är delad i de fem viktigaste punkterna: planerandet, förberedandet, testandet, verkställandet och slutförandet av kampanjen. Jag har därefter analyserat checklistan med beställaren Undo och serien Deadpan som utgångspunkt.

Undos Deadpan har flera styrkor och svagheter då det kommer till att finansiera serien med crowdfunding. För det första är önskade summan att samla, 100 000 euro, relativt stor jämfört med den existerande gruppen fans eller andra kontakter som kan förväntas bidra, vilket antagligen kommer att vara ett problem. Det finns ändå alternativ som Undo kan välja för att minimera risken av att misslyckas. Det första är att samla

samarbetspartners för att vidga kontaktnätet och på det sätt lätta marknadsföringen av kampanjen. Genom att använda flera nätverk av kontakter kan de nå en större publik från första början och också ha tillgång till mera kompetenser att genomföra kampanjen. Andra alternativet är att dela på kampanjen så att man lanserar först en mindre kampanj med t.ex. hälften av summan, och bygger på detta sätt ett kollektiv av fans. Ifall den första kampanjen är en succé, är det lättare att lansera en ny kampanj efteråt, där man kan använda sig av den föregående kampanjens nätverk. Det andra alternativet kräver mera tid, men är en mindre risk speciellt om Undo väljer att använda fixed funding.

Fixed funding betyder att projektägaren ställer ett mål för hur mycket finansiering de behöver, och ifall de inte uppnår den kan de inte lyfta pengarna som donerats, utan de flyttas tillbaka till bidragaren. Motsatsen till fixed funding är *flexible funding*, vilket betyder att projektägaren alltid får behålla de bidrag som hon fått. Olika plattformar använder sig av olika betalningssätt, men Indiegogo är en av de få som tillåter flexible funding. Då man väljer plattform är funding-typen inte det enda man skall tänka på; kampanjens budget och plattformens provisioner måste också tas i beaktning, för att inte tala om plattformens etiska riktlinjer. De plattformar jag undersökt är Kickstarter och Indiegogo, som båda agerar värdar för kampanjer i Deadpans prisklass, och deras provisioner är ganska lika då det gäller fixed funding. Ifall man väljer flexible funding på Indiegogo är provisionen dock högre, 9 % jämfört med Indiegogo fixed funding 4 % och Kickstarters 5 %. Däremot varierar plattformerna i sina principer; Indiegogo har en öppen attityd emot alla projekt och hindrar sällan kampanjer, medan Kickstarter har en strängare syn på bedrägliga kampanjer. Kickstarter förevisar en god transparens och spärrar relativt effektivt kampanjer som inte verkar hederliga, medan Indiegogo har kritiserats för sina flera suspekta kampanjer.

Då man valt den bästa plattformen för sitt projekt kan man börja planera sin kampanj enligt det. Undo har många styrkor då vi talar om kampanjens innehåll; de har en serie som har ett starkt koncept i både berättandet och i visuell stil, vilket de borde kunna förmedla till kampanjens innehåll och utseende. En av de viktigaste delarna i kampanjen är att göra en stark pitch, som helst skall vara i videoform. Med hjälp av Deadpans mörka humor och animationen kan de göra en originell och intressant pitch video, vars stil kan bra förmedlas till kampanjens miljö och belöningarna. Då man planerar belöningarna måste man ta i beaktning att en stor del av bidragarna antagligen kommer

att vara från andra delar i Europa eller Amerika, vilket också påverkar kampanjens marknadsföring. En svag punkt för projektet är att det kan vara svårt att marknadsföra ett finskt projekt utomlands. Även om internet gör det väldigt mycket lättare, rör sig word-of-mouth fortfarande långsammare över stora geografiska områden. Som jag redan tidigare nämnde behöver alltså Undo marknadsföringsresurser utomlands, gärna i USA.

Om Undo kommer att klara av att med framgång göra en crowdfunding kampanj är svårt att säga, men det är i varje fall ett utmärkt tillfälle för dem att marknadsföra sitt företag. Crowdfunding kan ses som en bra mätare för allmänt intresse för ett projekt, och ifall kampanjen är en succé höjer den med säkerhet projektets marknadsvärde och påverkar ett företags framtida produktioner positivt. Det fina med crowdfunding är att det inte bara behöver användas som ett finansieringssätt, utan har potential på andra områden också. Att driva en crowdfunding kampanj är i stort sätt att sträva efter gemenskap och att bygga ett kollektiv kring ett projekt, och skiljer sig alltså från en vanlig marknadsföringskampanj som strävar till att sprida information så effektivt som möjligt. Man kunde säga att en crowdfunding kampanj koncentrerar sig på kvalitet medan en marknadsföringskampanj koncentrerar sig på kvantitet.

Man kan spekulera rätt mycket kring hur crowdfunding kommer att utvecklas, och det finns säkert både positiva och negativa förlopp i framtiden. Ett hot för utvecklingen är att i och med att crowdfunding drar till sig ett ökande antal aktörer kommer också suspekta och falska kampanjer att bli allt vanligare. Detta skadar idén och stämningen bakom crowdfunding, och kan leda till att en stor del bidragare drivs bort. Det som också rubbar ideologin med crowdfunding är att desto större marknaden blir, desto mera lockar den till sig sk. stora spelare, kända konstnärer och producenter som stjälar uppmärksamhet ifrån små, fristående produktioner. Detta har diskuterats mycket under senaste tiden, eftersom många anser att crowdfunding är till för små aktörer som inte får finansiering på andra sätt. Idag växer marknaden snabbt vad det gäller projektägare, vilket gör tävlingen hård bland kampanjer, men man kan hoppas att antalet bidragare (också i Europa och Norden) hänger med inom kort. Signaler idag tyder på att crowdfunding kommer att utvecklas till mer nischad marknad med hög variation bland olika plattformar och mera specialiserade forum. Också olika normer och handlingsätt blir allt vanligare bland kampanjerna; det kollektiva tänkandet blir allt starkare, och många

användare av crowdfunding tycker t.ex. att det är en oskriven regel att alltid bidra till andra projekt, och inte bara anta att själv samla in pengar.

