Haaga-Helia
University of Applied Sciences

Guide to Conduct a Successful Crowdfunding Campaign for SMEs

Jani Andsten

Bachelor's Thesis
Degree Programme in
International Business
2018

Abstract

Haaga-Helia

Date: 18 May 2018

Author(s)
Jani Andsten

Degree programme
International Business

Report/thesis title
Guide to Conduct a Successful Crowdfunding Campaign for SMEs

Number of pages and appendix pages
62 + 3

This thesis follows a traditional research-based structure. The thesis focuses on reward-based crowdfunding and its applications for SMEs, as well as introduces a step-by-step guide to build a campaign. The thesis was commissioned by Trade Partners Finland Oy, the company behind a brand called Aarni Wood. The purpose of this thesis is to understand the crowdfunding scene better, as well as to learn how crowdfunding campaigns can be leveraged.

The first part of the thesis focuses on introducing the concept of crowdfunding in general, its forms, and available platforms for reward-based crowdfunding. The research then looks into the Finnish market specifically, covering the size of the market and the legality of reward-based funding.

Both qualitative and quantitative research were conducted to analyze international crowdfunding. Interviews were used to collect personal experiences from Finnish crowdfunding creators to determine what generally works, and what should be taken into account when conducting a campaign. In addition to the interviews, raw Kickstarter campaign data was extracted from the platform to gain some quantitative data regarding watch campaigns on the platform. Other secondary data were collected from online sources and articles, and were used to support the primary data.

The research shows that crowdfunding can be leveraged in Finland to fund and market a new product or service. Crowdfunding is therefore considered a low-risk, medium-effort alternative to more traditional types of funding and marketing.

It was also found that crowdfunding platforms have taken social collaboration and crowdsourcing online, and with the help of Web 2.0 and social media platforms, geographical boundaries have been removed. Furthermore, online crowdfunding has enabled anyone to take part in funding a project, with even the smallest financial contribution.

As a result of the research, a step-to-step guide was added to help SMEs plan crowdfunding campaigns.

Keywords
Reward-based crowdfunding, crowdfunding, crowdsourcing, SME

Table of contents

1 Introduction 3
1.1 Case company – Aarni Wood 4
1.2 Objectives 5
1.3 Methods 6
1.4 Demarcation 6
1.5 Key Concepts 7
2 Understanding crowdfunding and its different forms 8
2.1 History of Crowdfunding 8
2.2 Crowdfunding today 9
2.3 Crowdfunding models 11
2.3.1 Equity-based crowdfunding 12
2.3.2 Loan-based crowdfunding 12
2.3.3 Donation-based crowdfunding 13
2.3.4 Reward-based crowdfunding 13
2.4 Crowdfunding dynamics 14
2.5 Reward-based crowdfunding platforms and their features 17
2.5.1 Kickstarter 17
2.5.2 Indiegogo 19
2.5.3 Mesenaatti 20
3 Crowdfunding in Finland 22
3.1 Legislation 24
3.2 Case: Senja Teaches you Swedish 25
4 Research design and methods 27
4.1 Research design 27
4.2 Research sample 28
4.3 Data collection 29
4.3.1 Interviews 29
4.3.2 Interview questions 29
4.4 Data analysis 30
4.5 Reliability and validity 30
5 Results 32
5.1 Interviewees 32
5.2 Kickstarter data analysis 33
5.3 General findings 34
5.4 Common factors in successful campaigns 36
5.5 Common mistakes in crowdfunding campaigns 40
6 Guidelines for crowdfunding campaigns 42

6.1 Steps to building the campaign 42
6.1.1 Preparation 42
6.1.2 Building the campaign page 45
6.1.3 Announcing the campaign 50
6.1.4 Launching the campaign 50
6.2 Activities during the campaign 51
6.3 Post-campaign activities 53
7 Conclusions 54
7.1 Trustworthiness of the research 55
7.2 Suggestions for future development 56
7.3 Self-evaluation 56
References 58
Appendices 63
Appendix 1. Overlay Matrix of the Thesis 63
Appendix 2. Comparison of crowdfunding platforms examined in the thesis 64
Appendix 3. Qualitative thematic analysis codes and themes 65

1 Introduction

One of the main challenges for new innovative products and services to come to reality is funding. Due to the recent recession only in the past decade, from which Finland was hit amongst the hardest in all of Europe (Suni & Vihriälä 2016, 4), outside funding has become much harder to obtain. Without a proven track record and operating history, obtaining sufficient credit from banks is not an easy task (Stemler 2013, 272). Many creators, founders and entrepreneurs have been there: they have a new business idea but are unsure of how to fund it. Therefore, business owners often seek funding from alternative sources including venture capitalist funds, leasing firms and private individuals (Cosh, Cumming & Hughes 2009, 1510).

As entrepreneurs might not be able to get a loan from the bank to kick start the business, and as it might be surprisingly hard to find venture capitalist investors to fund the idea without proof of demand and prototypes, some entrepreneurs have turned to look help from the crowd. This is where a new type of funding a business comes into play: crowdfunding (Agrawal, Catalini & Goldfarb 2014; Kleemann, Voss & Rieder 2008). Crowdfunding allows entrepreneurs and creators to draw “relatively small contributions from a relatively large number of individuals using the internet, without standard financial intermediaries” (Mollick 2014, 1), and effectively share the risk with hundreds or thousands of micro investors.

Crowdfunding as a term is relatively new, and the concept widely understudied**.** Although there have been several journal articles about the subject, the dynamics of successful crowdfunding are still little known for scholars and business founders alike (Mollick 2014, 1), and even more so from the marketing perspective. Furthermore, it is not clear to many how crowdfunding mechanisms work (Belleflamme & Lambert 2014, 2; Mollick 2014, 1), causing most campaigns to fail. Successful marketing is a prerequisite to crowdfunding campaign’s success in raising the money required to meet the objectives.

The author focuses on the marketing perspective of crowdfunding and aims to lower the entry barrier to international reward-based crowdfunding platforms for Finnish small- and medium-sized enterprises (from now on known as SMEs).

The thesis will follow a logical order. First, the thesis will explain the concept of crowdfunding and its forms, after which the research is demarcated into reward-based funding only. The next step is to introduce several reward-based crowdfunding platforms, followed by

an introduction of crowdfunding in Finland. Next steps are to form the research base, introduce the research methods, analyse the results, and share a step-to-step guide in creating crowdfunding campaigns.

In addition to the research conducted, the author has been working on a large crowdfunding campaign alongside a small team, gaining personal experience from post-campaign communication and delivery as well as planning and strategizing a new campaign. The experience gained has been valuable during the thesis project.

RefWorks have been used in collecting and managing source literature. The author has modified RefWorks output style to meet Haaga-Helia University of Applied Science's referencing guidelines.

1.1 Case company – Aarni Wood

The case company, *Trade Partners Finland Oy*, produce wooden watches and eyewear under a brand name *Aarni Wood*. For clarity purposes, the case company will from now on be referred to as Aarni Wood.

Aarni Wood is a small company consisting of three friends, co-founders Pyry, Niklas and Samuli, who were inspired by the fresh Finnish forests and the beauty of nature**.** The company was founded in December 2014 and has been operationally active for the past three years. (Aarni Wood 2018.)

The current selection of Aarni Wood includes three watch models; XO made with either birch, oak, rowan or ebony; Vega made with either walnut, ash wood or birch; and Loihi made with either olive or ebony and paired with leather band, instead of a wooden one.

Aarni Wood also offers five different models of sunglasses, each with couple wood options varying from zebrawood to ebony, walnut and rosewood. The company also offers a few accessories made from cork, such as wallets and sunglass cases.

Discussions with Aarni Wood regarding crowdfunding led to the planning of this thesis. It was found that Aarni Wood had considered crowdfunding in future product development, but had no knowledge nor experience in it. Therefore, the topic was mutually agreed, and commissioning contract written. As no specific information was required from Aarni Wood in the research for this thesis, the commissioner gave freedom to research the topic and provide the results regarding crowdfunding in Finland.

1.2 Objectives

The main objective of the research is to make reward-based crowdfunding more appealing and easier-to-consider option for many Finnish SMEs. Although there has been Finnish reward-based crowdfunding campaigns on international platforms, such as Kickstarter and Indiegogo, the number of campaigns is relatively low. Equity crowdfunding is more popular among Finnish SMEs, and reward-based crowdfunding is unknown territory for most (CrowdfundingHub 2016).

The author aims to introduce to the reader the concept of crowdfunding, break it into smaller forms, and research what generally works, and what does not, in international crowdfunding. The research will focus in reward-based platforms accessible to Finnish small- and medium-sized enterprises. A preliminary step-to-step guide to planning and conducting a crowdfunding campaign will be introduced in chapter 7, after results of the research. This guide will then help Aarni Wood, and potentially other SMEs, in forming a crowdfunding plan of action.

The benefit for the client company, Aarni Wood, will be a clear understanding of crowdfunding as a whole; the market, popular platforms, types of crowdfunding, challenges in Finland, and more. The case company will learn how to conduct a reward-based crowdfunding campaign in future product development and release cycle. As Aarni Wood has shown interest in leveraging crowdfunding in future, the thesis will focus in providing steps to take and consider during planning and executing such campaign. Aarni Wood will also learn what marketing methods are important in crowdfunding campaigns, and what is required to make the campaign more visible as well as appealing.

The thesis topic may also help many other Finnish SMEs in deciding whether to run a crowdfunding campaign or not, and how to do it efficiently and hopefully successfully. Aarni Wood has given the permission to make the thesis public, meaning others could also benefit from the research.

The author will benefit from the research by gaining more knowledge about crowdfunding, which is a tremendous marketing channel attracting billions of dollars each year to different projects (Massolution 2015).

Although the research paper has been written according to the case company's needs, most of the things discussed should apply to any type of business', from technology to games, fashion and more.

The research question can be worded as “How can a Finnish SME conduct a successful crowdfunding campaign?”. The research question can then be broken into smaller investigative questions as follow:

IQ 1. What are the key features offered by different crowdfunding platforms?
IQ 2. What legal issues do different crowdfunding platforms entail for Finnish SME’s?
IQ 3. What are most important things to consider when planning and running a reward-based crowdfunding campaign?
IQ 4: What recommendations for a successful campaign can be given to the case company based on the findings?

The research will be conducted as indicated in the overlay matrix (see appendix 1).

1.3 Methods

Both qualitative and quantitative research methods have been utilized in the research paper. Desktop research, benchmark, qualitative interviews, and quantitative dataset analysis have been conducted.

For the platform research and benchmark, as well as for crowdfunding statistics, databases of 177,768 Kickstarter campaigns, 82,724 Indiegogo campaigns and 821 Mesenaatti campaigns were recorded. All data were scraped from the platforms using data scraping services and are publicly available information.

Five interviews were conducted to gain qualitative data from Finnish crowdfunding creators regarding challenges and their experiences running a crowdfunding campaign. This data has been introduced in the results and used in the creation of the guide.

Desktop research has been utilized in the theory part of this thesis, as well as in the creation of the guide.

1.4 Demarcation

After introducing the concept of crowdfunding, the thesis will be demarcated into reward-based crowdfunding. The platforms must be reward-based crowdfunding platforms, have a technology category, and be available in Finland in a way that is feasible for Finnish

SMEs. Based on the criteria, three reward-based crowdfunding platforms have been analysed: Kickstarter, Indiegogo and Mesenaatti. While Kickstarter is not directly available to Finnish creators, there are many Finnish projects run on Kickstarter with the help of partnerships. Therefore, the platform is considered as a viable option for Finnish SMEs and has not been demarcated.

1.5 Key Concepts

All-or-nothing is a funding model in which the pledged money is collected, and the rewards validated, only if a project achieves 100% or more of its funding goal (Ramos 2014, 13).

Crowdfunding is a practice of funding any project or venture by raising small amounts of capital from vast number of individuals. Return of investment varies from the type of crowdfunding and the campaign itself. (Voelker & McGlashan 2013.)

Crowdsourcing "represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call" (Howe 2006).

Keep-it-all is a funding model in which the money is collected and rewards are validated regardless if the campaign met its funding goal or not (Ramos 2014, 13).

Pledge in a crowdfunding context is the amount of money one is willing to pay for the campaign. Pledger (or **backer**, as used in this research) is then a person who promises to aid in funding the project in question if all requirements are met. (Voelker & McGlashan 2013, 14.)

Reward-based crowdfunding is the most prevalent form of crowdfunding in the United States, in which the funders receive a reward for backing a project, instead of equity or other forms of return for the investment. The funders are treated as early customers. (Mollick 2014, 3.)

Small and medium-sized enterprises (SMEs) are, according to European Commission (2003), companies which have less than 250 employees and turnover below EUR 50 million. These companies are often eligible for support under many EU business-support programmes.

2 Understanding crowdfunding and its different forms

To understand the topic better, it is important to know what crowdfunding essentially is. As the ‘crowd’ in the name implies, crowdfunding involves collecting a small amount of money from a large pool of people to finance operations such as developing, prototyping, and/or manufacturing a new or improved product or service (Belleflamme, Lambert & Schwienbacher 2014, 585).

Although the key idea is to fund something, crowdfunding may also be used to validate products or markets (Belleflamme, Lambert & Schwienbacher 2013, 27), to test business ideas, to improve the product via crowd’s feedback and values (Frydrych, Bock, Kinder & Koeck 2014, 5; Ramos 2014, 11), as well as to be used purely for marketing (Brown, Boon & Pitt 2017).

Crowdfunding has fundamentally changed the way how SMEs can access alternative means of funding due to the nature of it being online. As Hemer (2011, 8) so well put it in his research: “What is new in crowdfunding is that it exploits the capabilities of social networks and other new features of Web 2.0, especially the function of "viral networking and marketing", which enables the mobilisation of a large number of users in specific Web communities within a relatively short period of time.”

As crowdfunding is highly based on online interaction, and as the investment takes place online, the geographical constraints typically associated with more traditional funding are not a big decision factor (Agrawal & al. 2014). In fact, the average distance between the investors and campaign creators was 5,000 kilometers in 2010 (Agrawal, Catalini & Goldfarb 2011, 11).

As will be discussed further in the thesis, these viral networking capabilities, if leveraged well, can give campaigns great chances to reach large sums of funding with relatively small effort and costs.

2.1 History of Crowdfunding

Although crowdfunding as a term is new and comes from a much broader concept called crowdsourcing (Belleflamme & al. 2014, 586)**,** the concept itself is much older. Crowdfunding as a concept was created centuries ago by authors collecting funds to finance books. However, the earliest proof similar to today’s crowdfunding comes from 1850s, when Auguste Comte started selling subscriptions to those who wished to finance his “material

subsistence", ultimately allowing him to work as an independent philosopher (Simons 11 March 2016). In other words, Comte crowdfunded his career by selling subscriptions to access his future work, like many authors today on Kickstarter or Indiegogo.

Only a few decades later, in 1885, the United States received a diplomatic gift from France – the Statue of Liberty. There was an issue, however. The city of New York refused to pay for the USD 250 000 (USD 6.3 million in today's money) granite plinth for the statue. American Committee of the Statue of Liberty was then tasked to raise the money required but fell short by more than a third of the amount. The City of New York was running out of ideas, when The New York World -publisher Joseph Pulitzer decided to help and launched a crowdfunding campaign on the newspaper. He was able to raise USD 101,091 from 160,000 donors, just enough to complete the pedestal. This was all thanks to a big pool of people donating small amounts of money, averaging less than a dollar per person, for common good. (BBC News 2013).

A more recent example, which brought crowdfunding online, was a platform launched in 2003 called ArtistShare. The aim was to help musicians seek small donations from their most devoted fans to produce digital recordings (Freedman & Nutting 2015). The very first project on the platform, funding Maria Schneider's jazz album "Concert in a Garden", was a big success, raising nearly USD 130,000, and winning a Grammy the next year (ArtistShare 2018). Online crowdfunding was born.

Following ArtistShare's success, many other online crowdfunding platforms were born, of which the most prominent ones were Indiegogo in 2008 and Kickstarter in 2009, both being enormous platforms these days, and the latter being the largest.

2.2 Crowdfunding today

Crowdfunding has grown exponentially in the past years. According to Massolution (2013), the size of the crowdfunding market was USD 2.7 billion in 2012, with a growth of 81% from the previous year.

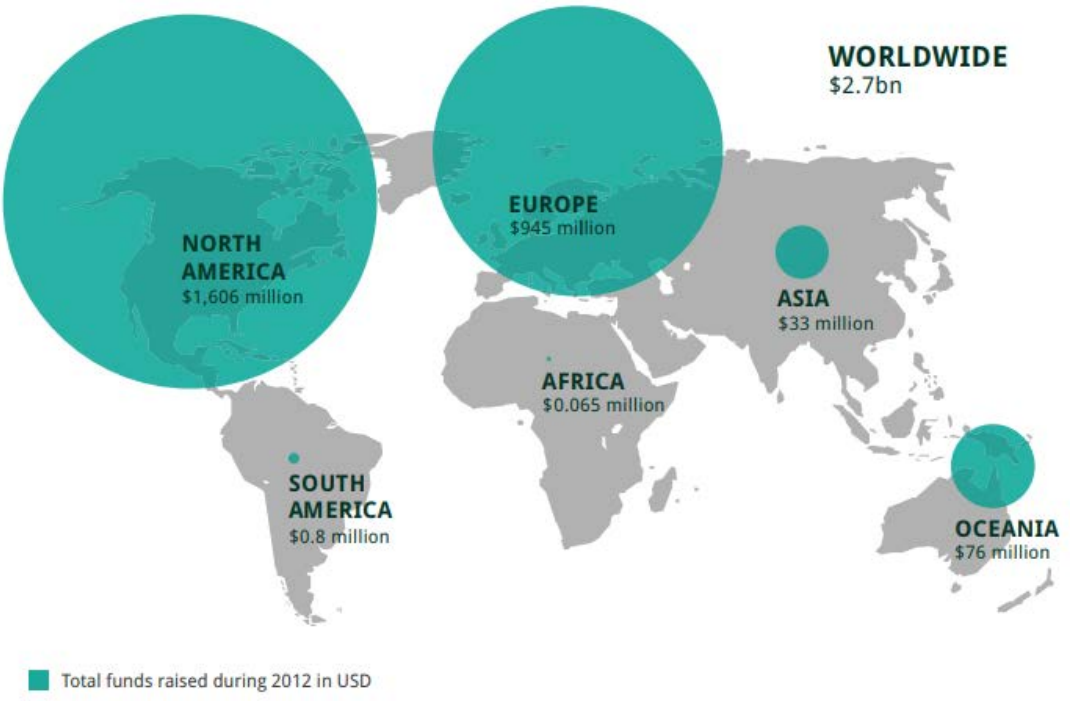


Figure 1. Global crowdfunding volumes; the Crowdfunding World Map (Massolution 2013)

As shown in Figure 1, the crowdfunding market was mainly concentrated in North-American and European continents in 2012. The year of 2014 marked new era of crowdfunding, however, as Asia surpassed Europe in size of the crowdfunding market, reaching USD 3.4 billion, as illustrated below.

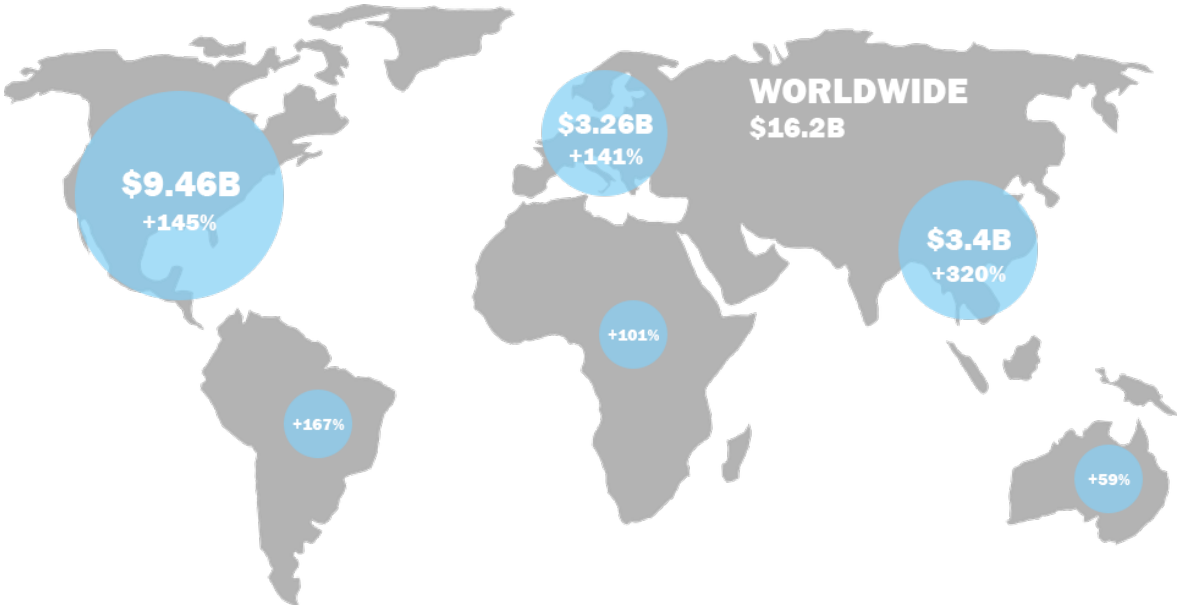


Figure 2. Crowdfunding geographical breakdown in 2014. Adopted from Massolution (2015)

Today, crowdfunding is a multibillion dollar industry, with USD 34.4 billion raised in 2015 worldwide. With a growth of 1174% in just three years, the market size is expected to continue growing. (Massolution 2015.) According to The World Bank (2013), and its relatively conservative estimations, crowdfunding market could potentially reach USD 93 billion by 2025.

Majority of the total crowdfunding volume consists of peer-to-peer lending. Equity, reward, and donation-based crowdfunding only account, when combined, to nearly a quarter of the total funding in 2015. Total funding volumes per type of crowdfunding are illustrated below in figure 3.

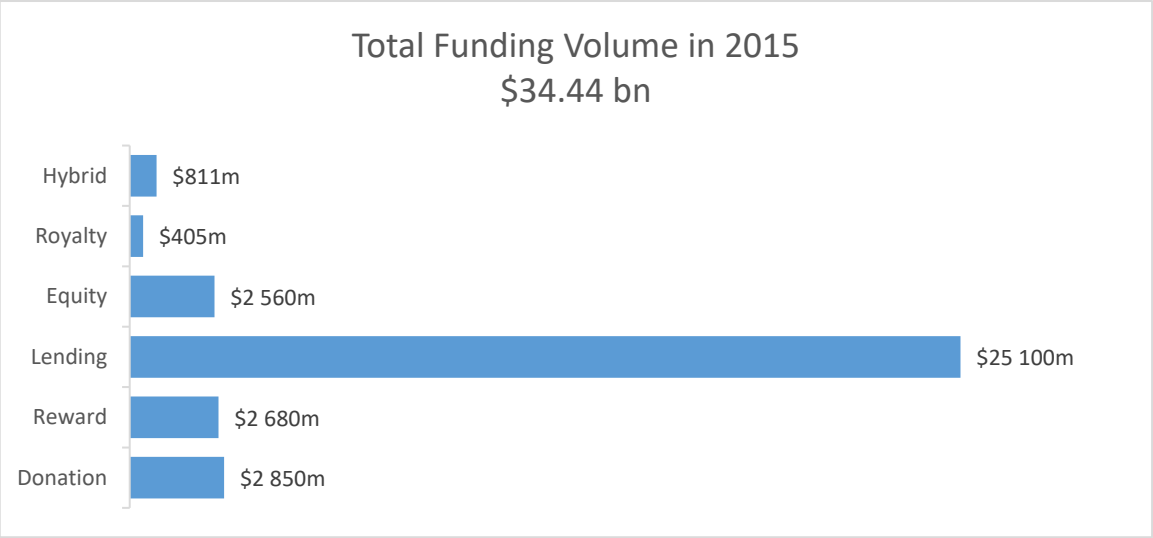


Figure 3. Market size of crowdfunding per type. Adopted from Massolution (2015)

2.3 Crowdfunding models

Crowdfunding is a relatively large term. There are six commonly known models or types of crowdfunding, which can be categorized into four main categories based on the exchange: equity, debt, donation and reward-based. Comparison of the crowdfunding models, as well as example platforms, is presented in Table 1 below.

Table 1. Summary of crowdfunding models (Beaulieu, Sarker & Sarker 2015), adapted by author to include more platforms.

Model	Exchange	Typical capital goal and contribution	Example platforms
Private Equity	Equity	Typical capital goal: high to very high Typical contribution: high to very high	CircleUp.com EquityNet.com Invesdor.com

Roaylty	Equity	Typical capital goal: low to medium Typical contribution: low	Sellaband.com SellanApp.com Appsfunder.com
Microfinancing	Debt	Typical capital goal: very low to low Typical contribution: very low	Kiva.org Opportunity.org
Peer-to-peer lending	Debt	Typical capital goal: medium (but wide variety) Typical contribution: relative to capital goal	Lendingclub.com Prosper.com GrowVC.com
Reward	**Appreciation**	**Typical capital goal: low to high** **Typical contribution: very low to high-medium**	**Kickstarter.com** **Indiegogo.com** **Mesenaatti.me** **Ulule.com**
Donation	Appreciation	Typical capital goal: low to medium Typical contribution: very low	Experiment.com Donorschoose.org GoFundMe.com Patreon.com

2.3.1 Equity-based crowdfunding

In equity crowdfunding there are two models; **private equity** and **royalty**. Both work similarly by giving equity to the backer in the form of company stocks or share of profits, respectively. (Beaulieu & al. 2015, 9.)

In equity funding, the crowdfunder receives shares of the company in exchange for the pledge, making the funder a shareholder of the company in question.

Equity crowdfunding is the most prevalent form of funding for businesses when it comes to crowdfunding in Finland (Suomen Pankki 2018). There are multiple platforms connecting businesses for equity funding in Finland, the biggest being Invesdor. On global scale, equity crowdfunding covers roughly 8.6% of the whole industry (Massolution 2015).

2.3.2 Loan-based crowdfunding

Loan-based crowdfunding consists of **microfinancing** and **peer-to-peer (P2P) lending** models, both in which the debtor must pay back the funded amount, or principal, to the creditors. Both microfinancing and peer-to-peer lending work similarly to a more traditional bank loan. The key difference is the debtor states the terms and conditions, while the creditors need to agree to them.

Microfinancing is typically for very small capital goal projects, while peer-to-peer lending is for higher monetary goals (Beaulieu & al. 2015, 15). Both of the funding models are directed towards entrepreneurs and other individuals, not SMEs.

The repayment for microfinancing often comes without interest, whereas in P2P the backers receive interest in return for their contribution (Beaulieu & al. 2015, 16).

Another well-established name for this type of crowdfunding is “lending”. According to Massolution Crowdfunding Industry Report (Massolution 2015), debt-related crowdfunding represents a massive 73% of the industry.

2.3.3 Donation-based crowdfunding

Unlike in other models, in donation model no reimbursement or reward is given to the backers. The money is collected purely from donations, and gratitude is the only form of reward the backers will receive. (Beaulieu & al. 2015, 19.)

Donation model is often used when donating to a good cause, such as for Red Cross, political parties, journalism, and scientific research. Individuals can also request for donations for medical or other personal emergencies via online platforms such as GoFundMe. However, this is technically illegal in Finland, as no money may be collected from donations without a fundraising permit.

The donation-based crowdfunding is highly regulated in Finland and requires a fundraising permit. This will be further explained in chapter 3: Crowdfunding in Finland.

2.3.4 Reward-based crowdfunding

The fourth and last category is the reward-based crowdfunding, in which this thesis is focusing on. In reward-based crowdfunding, the project company gets the funded amount without giving equity or paying back a loan. (Beaulieu & al. 2015, 9.) Instead, in reward model the creator gives out rewards to the funders, or backers in this case.

The rewards are often the products that are being funded, such as games, albums, electronic devices, watches, or the like. Some campaigns also have additional perks on certain pledge levels, such as thank-you notes, posters, mugs, early prototypes, or some other forms of promos. These, however, should be used sparingly. Some projects have

even introduced experience pledge levels, such that allows the backer to come to meet the team or have a dinner with the artist.

Reward-based crowdfunding, as crowdfunding in general, is run online. There are many reward-based crowdfunding platforms available, of which Kickstarter is the largest and most prevalent, followed by Indiegogo.

Reward-based crowdfunding can be leveraged by entrepreneurs and SMEs as well as larger corporations. The backers can be located anywhere in the world and support with as low pledges as $1, meaning everyone can take part in crowdfunding.

According to Massolution Crowdfunding Industry Report (2015), reward-based crowdfunding represents 7.8%, or USD 2.68 billion, of the crowdfunding industry worldwide in 2015.

Reward-based crowdfunding gains the most media attention due to the types of rewards. It is also the most prevalent mode of crowdfunding in the United States, according to Massolution (2013).

Reward-based crowdfunding model can be subdivided into two categories, depending on the type of funding.

- **All or nothing:** A funding model in which the pledged money is collected, and the rewards validated, only if a project achieves 100% or more of its funding goal (Ramos 2014, 13).
- **Keep it all (flexible funding):** A funding model in which the money is collected and rewards are validated regardless if the campaign met its funding goal or not (Ramos 2014, 13).

The thesis is demarcated to only reward-based crowdfunding in following chapters.

2.4 Crowdfunding dynamics

Although reward-based crowdfunding is a relatively understudied concept as stated earlier in the report, there has been some preliminary work done to study the concept. A professor from the Wharton School of the University of Pennsylvania, Ethan Mollick (2014), conducted an exploratory study of the dynamics of crowdfunding in 2012, studying the subject using a data set of 48,500 projects from Kickstarter. The data Mollick was able to collect covered roughly 82% of all campaigns and 91% of all successful campaigns on Kickstarter at the time.

Mollick then studied multiple variables and their effects on the success of crowdfunding campaigns and had many interesting findings. The variables used were funded, goal,

funded %, backers, pledge/backer, updates, comments, duration and observation. Mollick (2014, 6) concluded in the report that “failures happen by large amounts, successes by small amounts”. In fact, failed campaigns only averaged at 10.3% funded of the goal, and 50% of successful goals only reached 110% in funding.

Kuppuswamy and Bayus (2015, 37) had very similar conclusions in their study, stating nearly 50% of successful campaigns are within 10% of their funding goal, whereas almost 50% of unsuccessful campaigns achieve less than 10% of their funding goal. As both researches were conducted during the same time period, the actual statistics may vary today. However, the trend is inevitably true in today’s crowdfunding as well, as shown below.

Figure 4. Distributions of project funding outcomes based on Kickstarter data. Raw data provided by Web Robots (2018) and analysed by the author

The research also studied the quality of the campaigns, concluding that since some projects are higher quality than others, they are more likely to be promoted by backers and media, and thus are more likely to succeed (Mollick 2014, 6). As crowdfunding is built around social concepts, such as shares in social media, the quality of the project and the preparation behind it often dictates the outcome of the project.

Table 2. Summary statistics by Ethan Mollick (2014, 5).

Summary statistics.

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Variables	All	Funded	Art	Design	Fashion	Film	Music	Publishing	Technology
Funded	0.494		0.526	0.394	0.310	0.452	0.597	0.354	0.356
	(0.500)		(0.499)	(0.489)	(0.463)	(0.498)	(0.491)	(0.478)	(0.479)
Goal	9866	5604	6764	17,776	7872	14,279	5519	7386	21,177
	(27,481)	(13,090)	(26,270)	(35,664)	(17,808)	(35,191)	(11,092)	(11,681)	(44,825)
Funded %	0.802	1.519	0.792	2.397	0.552	0.611	0.811	0.583	1.097
	(6.500)	(9.194)	(2.500)	(34.25)	(1.142)	(0.726)	(0.771)	(1.226)	(2.762)
Backers	66.66	122.2	41.19	253.0	36.43	51.11	51.80	40.81	170.9
	(548.8)	(776.6)	(88.59)	(1,887)	(177.3)	(163.3)	(245.2)	(115.0)	(650.0)
Pledge/backr	64.37	80.50	55.96	75.72	57.92	76.77	61.67	49.26	72.86
	(94.11)	(71.33)	(62.11)	(98.62)	(72.79)	(117.2)	(83.93)	(109.4)	(94.84)
Updates	3.970	6.584	3.728	5.492	2.735	3.911	3.599	3.559	5.289
	(6.303)	(7.557)	(5.778)	(7.922)	(4.501)	(6.541)	(5.121)	(6.274)	(8.321)
Comments	8.756	16.77	2.685	34.04	3.034	3.298	3.718	2.267	25.95
	(219.8)	(312.6)	(9.400)	(239.8)	(14.61)	(19.28)	(14.95)	(8.037)	(145.1)
Duration	39.63	37.14	37.09	38.68	37.01	40.69	40.29	39.18	40.28
	(17.45)	(16.01)	(17.36)	(15.01)	(15.83)	(18.29)	(17.33)	(17.12)	(16.66)
Observations	48,034	23,717	4355	1573	1210	13,729	12,207	4826	843

Based on Mollick's (2014, 9) research, the main success factors on Kickstarter were the overall quality of the campaign page and the product being funded, reasonable campaign goal, support from friends and family, online presence and social shares, having a pitch video, and a high number of project updates.

The subject was further studied by Kuppuswamy and Bayus (2015) with similar conclusions. The research added a notion of "Kickstarter Effect", an increase in pledges during the last few days. The findings concluded the increase in backer activity was often due to deadline effect. If the campaigns were not funded when the closing date was nearing, the backers were likely to share the campaign to help it succeed. (Kuppuswamy & Bayus 2015, 15.)

Although the increase in social action is partly responsible to the increase in pledges at the end of the campaign, there is one other major reason for this behaviour. The second major factor in the Kickstarter Effect is the "ending soon" notifications by Kickstarter's system for those who follow the campaign. As potential backers start to receive the reminder emails 48 hours prior to project deadline, they are reminded of the campaign, and an influx of new pledges are likely to follow.

Although the material rewards are more important in some projects than others, they are not always the primary motivation for the backers. As Hemer (2011) found in his research, backers are often motivated by the immaterial rewards like

- personal identification with the project's subject and its goals,
- contribution to a societally important mission,
- satisfaction from being part of a certain community with similar priorities,
- satisfaction from observing the realisation and success of the project funded,
- enjoyment in being engaged in and interacting with the project's team,

- enjoying contributing to an innovation or being among the pioneers of new technology or business,
- the chance to expand one's own personal network, or
- the expectation of attracting funders in return for one's own crowdfunding project.

(Hemer 2011, 14.)

Therefore, special attention should be given to the treatment of the backers. Satisfied backers are likely to promote the campaign, as well as fund future campaigns from the same creator.

2.5 Reward-based crowdfunding platforms and their features

This thesis will take three very different crowdfunding platforms into account, introduce and compare them to each other, and share what types of campaigns they excel in. The reason why only three platforms were considered: two of them, Kickstarter and Indiegogo, are the largest reward-based crowdfunding platforms there are, and the third one, Mesenaatti, is purely a Finnish platform.

A full table comparison of the most important features the three crowdfunding platforms have can be seen in appendix 2.

2.5.1 Kickstarter

Kickstarter was launched for public already back in April 2009. Prior to launching it was tested with a small group of people from the beginning of the year. To date (28.3.2018), Kickstarter has helped fund 141,085 creative project campaigns successfully, from music albums to board games, YouTube channels and 3D-printers, collecting nearly USD 3.6 billion in pledges (Kickstarter 2018a).

Kickstarter is relatively strict on the types of projects it allows on the platform, and all projects must belong into one of the following categories to be accepted: Art, Comics, Craft, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology or Theater. All projects must be approved by a staff member before launching. Therefore, the platform is more exclusive, and the projects have a higher quality perception and credibility in the eyes of media and backers, compared to Indiegogo, for example (Vardanyan 13 November 2015).

Kickstarter is also very clear in that it is not a store. This is enforced by the compulsory "Risks and Challenges" section of the campaign page. It is a platform for people to support creators on their passion and help make the projects reality. The end result of the campaign also has to be something new, not yet available elsewhere. (Strickler, Chen & Adler 20 September 2012.)

Kickstarter only has one funding model, all-or-nothing. If the project does not fund, the creator is not responsible to make the project happen and deliver to backers. Backers, on the other hand, will not lose any money if the project does not fund due to soft pledges. The result is improved security to all parties involved.

One downside to Kickstarter is its exclusivity to only certain markets when it comes to running a campaign. There are currently only 22 countries one can start a project in: Australia, Austria, Belgium, Canada, Denmark, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, United Kingdom, and the United States. Technically, the location of the profile the campaign is launched on can be anywhere in the world, for example Helsinki, but to register the campaign, the creator must have a bank account and a permanent residency in one of the above-mentioned countries. This can be done in a form of partners, family, or other 3rd parties such as agents. It is then up to the project creator to collect the money from a bank account abroad to the actual business account in Finland, as well as to take care of the taxation issues.

According to Kickstarter, 78% of the campaigns that reach 20% of the campaign goal are successful. Furthermore, the total campaign success rate is currently just under 36%. (Kickstarter 2018a.)

Games, design and technology campaigns together cover a massive 63% of total dollars pledged on the platform. While games category sees the most dollars pledged, dance and theatre projects have the highest success rates at 62% and 60% as opposed to only 36% on games. (Kickstarter 2018a.)

Table 3. Kickstarter projects and dollars per category, all time. 28.3.2018. (Kickstarter 2018a.)

Projects and Dollars

Category	Launched Projects	Total Dollars	Successful Dollars	Unsuccessful Dollars	Live Dollars	Live Projects	Success Rate
All	395,980	$3.58 B	$3.16 B	$385 M	$40 M	3,954	35.99%
Games	37,133	$790.98 M	$715.63 M	$63.36 M	$12.00 M	550	36.08%
Design	31,434	$757.97 M	$677.36 M	$69.07 M	$11.53 M	437	35.37%
Technology	33,992	$717.02 M	$624.23 M	$88.33 M	$4.47 M	409	19.95%
Film & Video	66,416	$403.65 M	$339.79 M	$62.40 M	$1.46 M	456	37.16%
Music	55,385	$211.51 M	$192.88 M	$17.47 M	$1.17 M	357	49.45%
Fashion	23,974	$143.08 M	$120.91 M	$16.94 M	$5.23 M	336	24.98%
Publishing	41,365	$136.93 M	$118.79 M	$17.34 M	$794.34 K	355	30.92%
Food	25,444	$130.16 M	$109.05 M	$20.13 M	$986.98 K	253	24.89%
Art	29,361	$93.25 M	$82.08 M	$10.24 M	$939.52 K	309	41.13%
Comics	11,372	$75.75 M	$69.83 M	$4.98 M	$940.24 K	187	54.72%
Theater	11,060	$40.97 M	$36.52 M	$4.25 M	$200.77 K	63	59.84%
Photography	11,067	$39.46 M	$34.25 M	$4.97 M	$239.37 K	69	30.78%
Crafts	9,182	$15.10 M	$12.45 M	$2.58 M	$73,600	105	23.97%
Dance	3,862	$13.34 M	$12.43 M	$870.46 K	$43,765	19	61.98%
Journalism	4,933	$13.21 M	$11.21 M	$1.92 M	$73,924	49	21.58%

Kickstarter's most successful campaign – Pebble Time, an innovative smart watch – drew in a massive USD 20,338,986 during its 31-day funding period in 2015 (Kickstarter 2018b).

2.5.2 Indiegogo

Unlike Kickstarter, Indiegogo accepts projects of nearly any kind, only forbidding illegal items from being launched on the platform. The product does not necessarily have to be new and unique. Indiegogo also allows previous Kickstarter campaigns to continue getting funded on the platform by pre-selling the products via InDemand feature. Project creators can also extend their campaign normally on Indiegogo. InDemand on Indiegogo allows project creators to sell their products via the platform, all after the campaign has been funded. This allows for late pledges after the campaign has ended, too.

Indiegogo has two funding types for projects. In addition to all-or-nothing method familiar from Kickstarter, Indiegogo also allows flexible funding where the project creator keeps the funding even if the project fails to meet its minimum goal. Creators who have chosen to use the keep-it-all funding model are responsible to deliver the rewards even if not fully funded, whereas creators who choose all-or-nothing model only must deliver to backers in case of being funded.

Also, unlike Kickstarter, Indiegogo does not publicly disclose any up-to-date data of the projects run on the platform, such as average money collected per campaign, success rates (overall and per category), or average number of backers. Indiegogo occasionally release some data, like the “Indiegogo’s 2015 Year in Review” (Yeh 17 December 2015). According to the data, Indiegogo has helped raise more than USD 800 million for creative, entrepreneurial and cause-related projects from its founding in 2008 to the end of 2015. Furthermore, Indiegogo had over 117 million visitors in the year of 2015 from 226 countries, making it one of the most accessible web services there is. (Yeh 17 December 2015.)

Based on the dataset collected for this research, consisting of data from nearly 83,000 Indiegogo campaigns, only 18.3% reached 100% funded or more. This includes both all-or-nothing and flexible funding campaigns. Although Indiegogo has had many more campaigns than the 83,000 that were analysed, the size of the sampling is more than enough to be considered accurate for the purposes of this thesis. This means campaigns on Kickstarter are twice as likely to succeed than those on Indiegogo.

Indiegogo’s most successful campaign – Flow Hive, a honey-on-tap device – was able to collect an astounding USD 13,288,449 in April 2015 (Indiegogo 2018).

2.5.3 Mesenaatti

Mesenaatti is the first Finnish reward-based crowdfunding platform launched in 2013. There is no official statistics of how many projects have been launched successfully, or at all, on the platform, as Mesenaatti does not disclose such information.

Mesenaatti is considerably smaller platform than the two comparisons in this research. It is only viable for local campaigns, such as renovating a museum, or helping to fund a Finnish book, as well as financing local football clubs. As it is missing the millions of worldwide users, it is not a platform to reach international markets effectively, if at all.

Mesenaatti only operates with all-or-nothing funding model. However, there are two goals on Mesenaatti: the minimum goal, according to which the campaign will either succeed or fail, and an actual goal. According to Mesenaatti, the minimum goal is the minimal funding required to implement the project, whereas the actual goal is the goal to execute the project really well, or to its fullest extent (Mesenaatti 2018a).

Although Mesenaatti does not share any campaign and usage statistics, the author was able to use a datamining service to extract necessary information about all campaigns on the platform. As of March 1, 2018, there has been a total of 821 unique campaigns on the platform. 508 of those have been successfully funded, 290 has failed, and 23 were active at the time of the data extraction. This means an astounding 63.7% of all finished campaigns have reached their minimum goal and therefore were funded. In addition, 43.4% of all campaigns have reached their higher, actual goal as well, surpassing Kickstarter when it comes to success probability.

There are two main reasons for the success rate to be that high on Mesenaatti. Firstly, all campaigns are localized, run in Finland and for Finnish people. As the audience is located in a single geographical area, the campaigns tend to touch in a more personal level than, for example, a campaign trying to raise money for Hungarian children's book.

Secondly, as mentioned above, there were 23 live campaigns on March 1st, 2018. At the same time, Kickstarter and Indiegogo have thousands of live campaigns each at any given time. Although there are much less users on Mesenaatti than the two other platforms covered in the research, there are only a handful of live campaigns there too. The campaigns are therefore more visible and have less competition. The probability of a single user seeing a campaign on Mesenaatti is much higher than on Kickstarter or Indiegogo and generally yields to better results when it comes to reaching campaign goals.

The campaign to reach most funding through Mesenaatti was the expansion project for Finnish Motorcycle Museum, which drew in EUR 108 100 on November 22nd, 2017 (Mesenaatti 2018b).

3 Crowdfunding in Finland

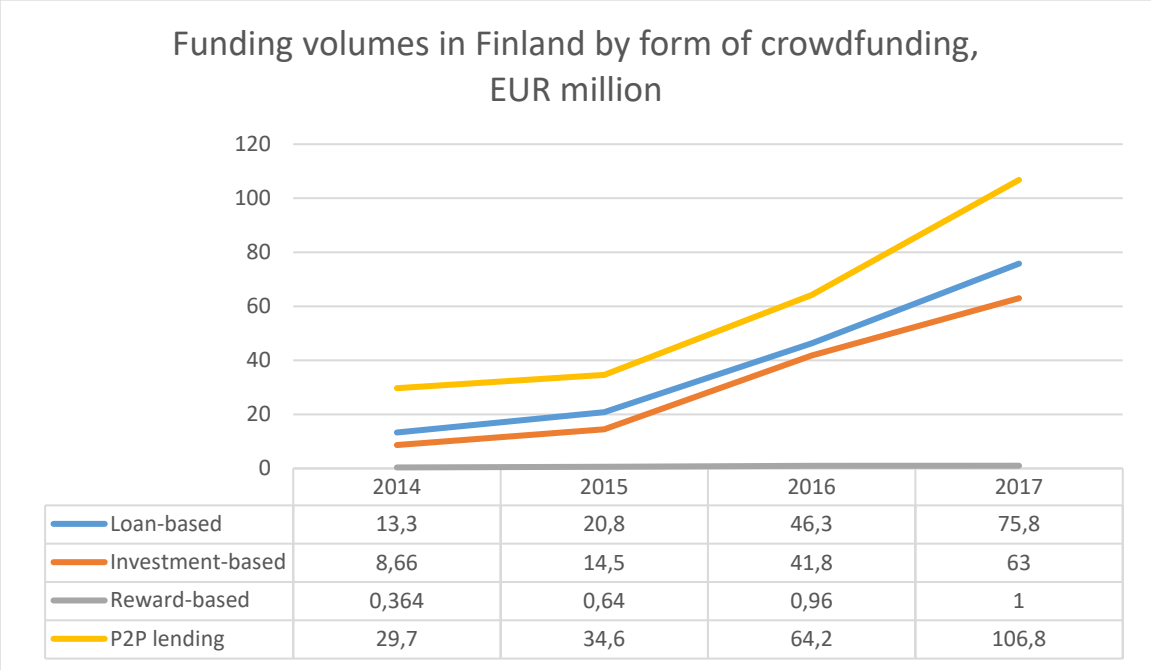
Although crowdfunding is still a relatively small market in Finland, it is growing at a rapid pace, both in number of projects and in money raised. In 2017, EUR 247 million were raised in Finland via crowdfunding. This came at a 61% improvement from previous year and was nearly fivefold from 2014. (Suomen Pankki 2018.)

The steady growth has resulted to Finnish crowdfunding market to be the fifth largest in Europe in 2016 in terms of crowdfunding volumes, according to the 3rd European Alternative Finance Industry Report by the University of Cambridge (Ziegler & al. 2018, 25).

One reason behind the fast growth in crowdfunding has been the financial crisis. As access to finance from banks has become more difficult and expensive due to tightened requirements, alternative means of funding have gained popularity (Ministry of Finance 2016a).

The largest form of crowdfunding for businesses in Finland was loan-based, at EUR 75.8 million, followed by investment-based (equity) crowdfunding at EUR 63 million. Peer-to-peer lending, directed towards consumers, was the largest form of crowdfunding in Finland, reaching EUR 107 million. (Suomen Pankki 2018.)

Table 4. Funding volumes mediated in Finland through different forms of crowdfunding. Adapted from Suomen Pankki (2018) and Ministry of Finance (2016b)



	2014	2015	2016	2017
Loan-based	13,3	20,8	46,3	75,8
Investment-based	8,66	14,5	41,8	63
Reward-based	0,364	0,64	0,96	1
P2P lending	29,7	34,6	64,2	106,8

According to the data, only one million euros were raised via reward-based crowdfunding in Finland during the year of 2017. However, the accuracy of the data could be argued when it comes to reward-based crowdfunding.

Based on the public data scraped from Mesenaatti.me during the research process for this paper, it was found that EUR 754 649 were successfully collected by 125 campaigns in 2017 on the platform alone. This would alone cover more than 75% of the whole reward-based crowdfunding market in Finland. In addition, there has been many Finnish campaigns on Kickstarter, Indiegogo, and other platforms, that have collected much more funding. Some example campaigns are listed below.

Table 5. Example successful campaigns by Finnish creators

Campaign name	**Platform**	**Start date**	**End date**	**Funding**
Dized - Board Games Made Easy!	Indiegogo	Aug 28th, 2017	Sep 29th, 2017	$151,982
Haikara - The Smartwatch for Fashion Lovers	Indiegogo	May 9th, 2017	June 9th, 2017	$158,377
Perdition's Mouth - Revised Edition	Kickstarter	Oct 21, 2017	Nov 18, 2017	$91,298
HighBaller - Your personal massage therapist	Kickstarter	Jul 17, 2017	Aug 26, 2017	$100,082
ALEXANDRIA	Kickstarter	Aug 22, 2017	Sep 30, 2017	$63,978

As Kickstarter campaigns cannot be launched with a Finnish bank account, Finnish companies who run Kickstarter campaigns must use different intermediaries. Therefore, it is unlikely Bank of Finland or Ministry of Finance has access to all funding information by Finnish companies. It is also unlikely Indiegogo campaigns, or campaigns on other international platforms, have been a part of the official numbers.

In total, there have been more than a hundred Finnish campaigns on Kickstarter (Kickstarter 2018c), from Solu that made more than USD 200,000 only to later claim bankruptcy (Vänskä 2017), and RuuviTag that made USD 170,000 and successfully delivered

to its backers (Jämsä 2017), to campaigns that got no pledges whatsoever. This further shows Finnish companies can indeed run Kickstarter campaigns with some help from people living in one of the 22 eligible Kickstarter countries, such as the US, Canada, UK, Australia or Sweden. In addition, there have been many more Finnish campaigns run on Indiegogo due to its easier access and lack of country restrictions.

3.1 Legislation

There has been no legislation specifically regarding crowdfunding in Finland until September 2016, when the Finnish Crowdfunding Act (734/2016) came into force. Although the act made loan-based and investment-based crowdfunding much easier, and better regulated, it did not apply to reward-based crowdfunding. Reward-based crowdfunding still falls under multiple consumer protection acts, and not a single Crowdfunding Act (Savolainen 1 September 2016).

The Crowdfunding Act, as stated above, only applies to loan-based and investment-based crowdfunding. According to Ministry of Finance (2016a), the act “aims to establish clear ground rules for crowdfunding at the legislative level to ensure that the sector can operate and grow in Finland. The aim is also to clarify the responsibilities of various authorities in the supervision of crowdfunding, to improve investor protection and to diversify the financial markets.”

Reward-based crowdfunding, on the other hand, is regulated by the Consumer Protection Act (38/1978) whenever there is a relationship between a consumer and a business. If the crowdfunding happens between two consumers or two businesses, the Sale of Goods Act (355/1987) is applied instead.

Money Collection Act (255/2006) regulates the donation-based crowdfunding, in where the contributors, or backers, receive nothing in return. According to Money Collection Act, a fundraising permit is required for donation-based crowdfunding. This permit may only be applied by a non-profit organization or foundation. (Police of Finland 2018; Finlex 2006).

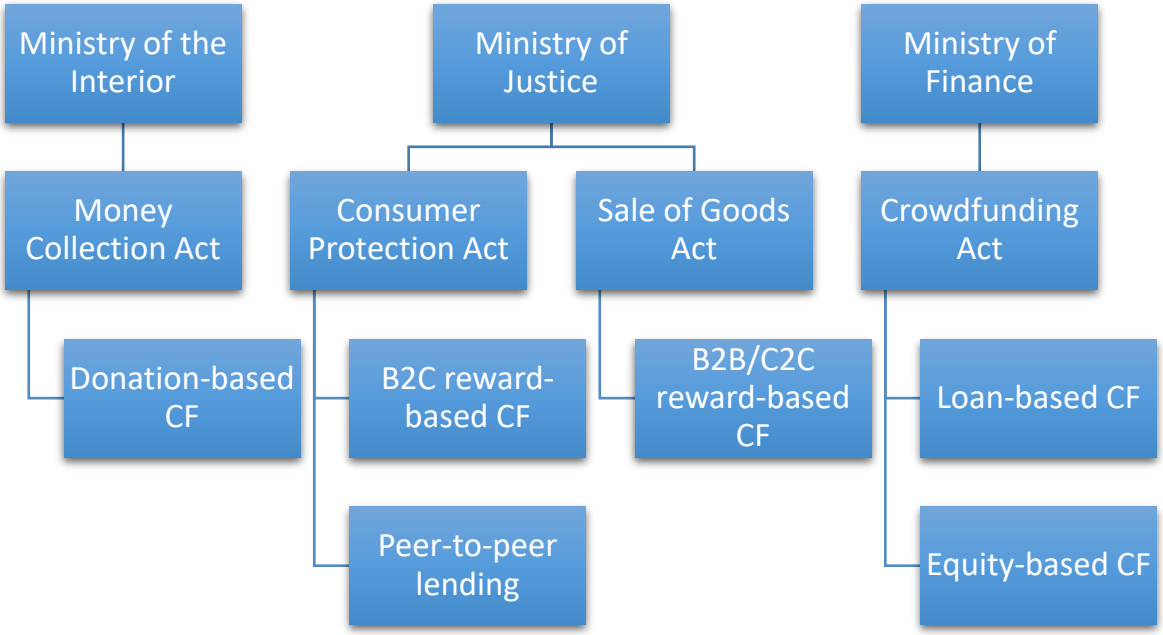


Figure 5. Regulative bodies and applicable regulations per form of crowdfunding in Finland

The biggest issue for reward-based crowdfunding in Finland is the fact one cannot raise money without giving compensation – unless they run a non-for-profit charity, like Red Cross, and have appropriate licenses to collect the money. Generally, this would not be an issue – quite a few companies have run international crowdfunding campaigns from Finland, and many more within Finland using Mesenaatti as a platform. However, there has been one legal case regarding crowdfunding in Finland, which will be introduced in the next subchapter.

3.2 Case: Senja Teaches you Swedish

In 2012 there was a campaign called “Senja Teaches you Swedish (and Finnish)”, by a Finnish woman Senja Larsen, which got the attraction of Finnish authorities, namely the National Police Board. The National Police Board investigated the campaign and stated it was against Finnish Money Collection Act. (Larsen 1 September 2012). According to the Money Collection Act, collecting money without compensation requires a fundraising permit, which can only be applied by a non-profit organization or foundation. Individuals can not apply, nor be granted this permit. (Police of Finland 2018; Finlex 2006).

On the other hand, Money Collection Act does not state advance purchases are illegal, and that is what reward-based crowdfunding essentially is. The National Police Board refused to take this into account in the case, forcing Larsen to return the raised money to

the backers (Larsen 11 September 2012). This worked as a precedent at the time and scared many other people from raising money with crowdfunding.

Learning from this campaign, and potential issues with Finnish legislation, Senja started a new campaign only months later. Additional help was gotten from Aaltoes (Aalto Entrepreneurship Society ry), the largest and most active student-run entrepreneurship society in Europe, and Borenius Oy, a large Finnish law firm specialized in corporate law, to avoid any further conflicts with the authorities.

This time they made sure to never mention words generally connected to fundraising like “donation”, “present”, or “support”. They also made sure Finnish officials would consider the campaign as a pre-order rather than donation by eliminating the ability to donate money without getting something in return (Larsen 4 December 2012). This was enforced on the campaign page by stating “If only pre-ordering a limited version of the iPad application, please enter a pledge amount of $1 or choose ‘No reward’ option”. (Kickstarter 2012). The new campaign funded successfully on December 6, 2012, without interruption from Finnish officials.

There have been no other reports of legal issues with reward-based crowdfunding campaigns found during the research. As hundreds of crowdfunding campaigns have been run in and from Finland without interception from The National Police Board, it could be concluded that running a reward-based crowdfunding campaign in Finland is safe, as long as rewards have been clearly labelled, and Finnish laws and regulations, as well as the platform’s rules, have been followed.

4 Research design and methods

Besides desktop research, qualitative interviews and quantitative database analysis of raw Kickstarter data were conducted. The interviews were conducted either face-to-face in Helsinki, via Skype, or via email. All respondents received similar question topics prior to interview for preparation. For the quantitative database analysis, raw Kickstarter campaign data was collected from 1,277 watch campaigns in design and fashion categories.

4.1 Research design

Based on the research questions formulated during the thesis planning process, a hybrid research method has been chosen. The focus has been on the qualitative research method. Quantitative research methods have been used to support the qualitative data in the creation of the guidelines.

A qualitative research method, in the form of interviews, was chosen to give more freedom to the interviewees. The purpose was to gain knowledge through their prior experience in crowdfunding, and to support and expand this data with concrete data extracted from selected Kickstarter campaigns.

Ten interviews were to be the goal, though only five interviews were held. Fifteen interview requests were sent, and while half of the enquiries did not receive a reply, a few campaign creators had relied on outside consultants or agents, and therefore were not suitable to participate in the interview.

For the quantitative research, a dataset of 1,277 watch campaigns were extracted from Kickstarter using a custom-build data scraper. This ensures the data collected is as accurate as possible for the commissioning party.

The investigative questions were as follow:

IQ 1. What are the key features offered by different crowdfunding platforms?
IQ 2. What legal issues do different crowdfunding platforms entail for Finnish SME's?
IQ 3. What are most important things to consider when planning and running a reward-based crowdfunding campaign?
IQ 4: What recommendations for a successful campaign can be given to the case company based on the findings?

The research process is illustrated below.

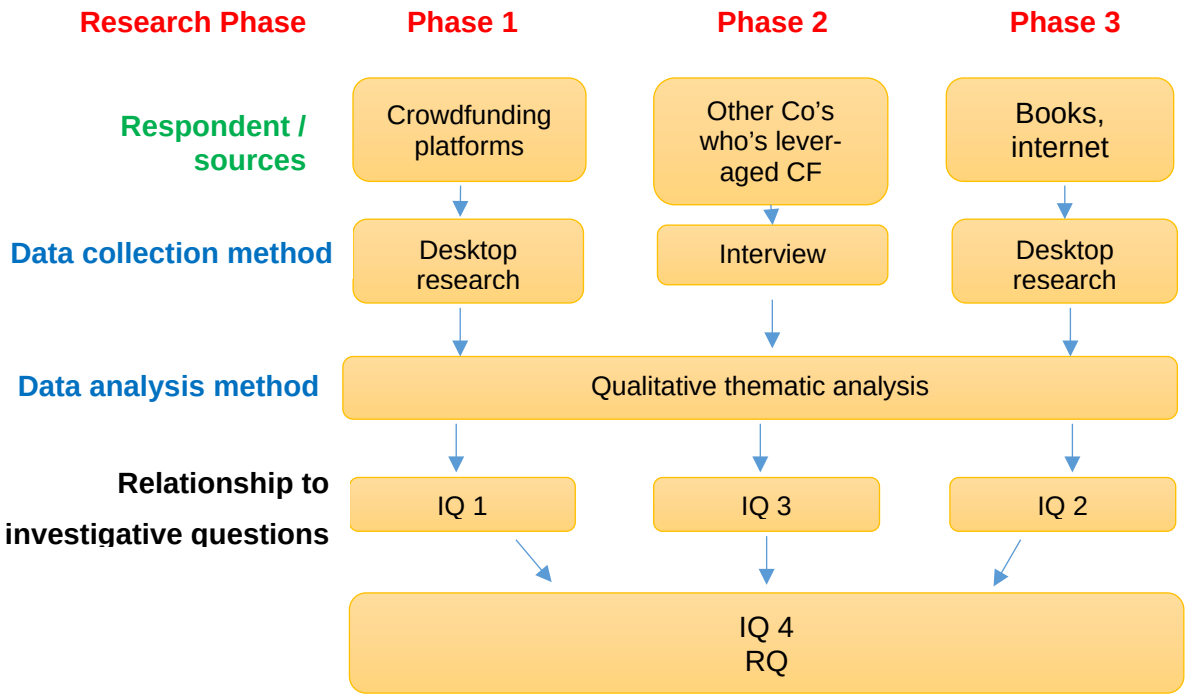


Figure 6. Research design chart.

4.2 Research sample

Homogenous sampling, a form of purposive sampling, was most suited sampling design for the qualitative research according to Etikan, Musa & Alkassim (2016, 3), as interviewees were chosen according to certain criteria's and qualities the participants possess. The common factor between the interviewees was they must have run an international crowdfunding campaign from Finland, no matter the size of the campaign.

The sample excluded participants who have conducted a crowdfunding campaign in Finnish market only as the focus of the research was international markets.

For the Kickstarter data, total population sampling was chosen, as the whole population, given certain restrictions, was analysed. The sample consisted of all Kickstarter watch campaigns in design and fashion categories that the author was able to obtain. A sample of 1,277 watch campaigns were recorded from June 2010 to May 4th, 2018.

4.3 Data collection

Based on Patton's (2002, 349) research in Qualitative Research & Evaluation Methods**,** the best suited type of interview was interview guide approach. This allowed the interviewer to cover important and relevant topics for the research while giving the interviewee freedom to answer within the given outlines. Only outlines of the topics had been decided prior to interview, leaving the course of the interview between the two parties, interviewer and interviewee. As stated by Patton (2002, 349), "the outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent".

For the Kickstarter watch data, a custom-build data crawling script was written by the author's colleague, enabling the data of 1,277 watch campaigns to be extracted from Kickstarter's servers.

4.3.1 Interviews

Five interviews were conducted to research potential success factors, and pitfalls, from a Finnish creator point-of-view, based on the creator's personal experiences.

The conducted interviews were from five completely different companies operating in various fields to keep the data more valuable. The common attribute in all interviewees was they have run, or participated in, an international crowdfunding campaign based in Finland. All but one interviewee had participated in multiple crowdfunding campaigns gaining experience curve in the field.

4.3.2 Interview questions

As the style of the interviews was chosen to be an interview guide approach, there was no pre-written questions. An outline was created to support the structure of the interview and to keep the discussions in relevant topics. The interviewer was then directing the discussion towards certain topics and clarifying them by asking questions relevant to the discussion at hand.

The discussion topics were as follow:

1. Introduction
2. Prior experience in crowdfunding
3. Preparation for crowdfunding campaign
4. Successes and failures in crowdfunding

5. Key learnings and takeaways
6. Final words and conclusion of the interview

4.4 Data analysis

The aim of the interview was to find out the reason why the company wanted to use crowdfunding, and what issues they had while doing so. This data would then help the author in finding potential mistakes and successes for campaigns, and make sure recommendation was written accordingly in the guidelines provided further in this paper.

Qualitative thematic analysis was used to analyse the underlying codes and themes of the interview data gathered (see appendix 3).

The face-to-face interviews were not recorded and relied on the interviewer's notes during the interview. Both Skype interviews were recorded to better focus on the discussion and to help in transcription and coding.

4.5 Reliability and validity

While only five interviews were held, the data collected from the interviewees was still valuable. While no campaign is the same, the interviewees were able to share their own experiences in crowdfunding, including the successes and failures. All but one interviewee has run, or been a part of, multiple crowdfunding campaigns. The data collected from those creators who have been a part of multiple campaigns is deemed more valuable, as they have gained a learning curve from their previous mistakes when running each of their consecutive campaigns.

As for the Kickstarter data collected, the data only covers watch campaigns in two categories, design and fashion. Although it does not tell the whole truth on Kickstarter, it covers the whole population within the given restrictions, and is the most relevant information regarding the commissioning party. All other parties should note the data only applies to watch campaigns, and therefore only gives little approximation to other types of campaigns.

The author has had the chance to work alongside Jussila in his business as a marketing intern and has gained valuable experience in both post-campaign marketing as well as planning a new Kickstarter campaign.

Both the data from interviews as well as the author’s personal experience on the field of crowdfunding have been used in this analysis, with further support by related publicly available Kickstarter data.

5 Results

This section is divided into multiple subsections according to the results. The first sections introduce the interviewees and the data collected from the Kickstarter watch campaigns, while the subsequent sections are focusing on the results of the interviews and the Kickstarter campaign data analysis.

The next chapter, chapter 6, then introduces guidelines, or suggestions, on how to proceed with planning and launching a crowdfunding campaign, from planning to execution to post-campaign management. The guidelines are based on the research conducted and theory gathered over the course of the thesis project.

5.1 Interviewees

The first of the interviewees, David Blinov, is a Partner and Growth Marketing Consultant at The F Company, a marketing agency based in Helsinki and Amsterdam. While he is not a campaign creator, Blinov has worked as a marketing consultant on multiple crowdfunding campaigns, including Haikara Smart Watches and Dized, an app that teaches board games in a new and exciting way. Both campaigns managed to raise over USD 150,000 in one month using Indiegogo.

Timo Vuorensola, the director of the Iron Sky -movie series, has also given his valuable input as a multi-campaign veteran. To date, Vuorensola has collected more than two million dollars across six reward- and equity based crowdfunding campaigns for Iron Sky franchise. Vuorensola has leveraged crowdfunding in multiple occasions prior to Iron Sky as well, mainly during the creation of Star Wreck parody movies.

Jouni Jussila, the CEO of Playmore Games, also has previous history on crowdfunding. Having run two campaigns exclusively in Finland via Mesenaatti, and one international campaign, the most funded app on Indiegogo, he too was a perfect choice for the interview. Jussila is currently working on a second big campaign for Playmore Games, of which the author has been able to be a part of.

Sami Laakso, the CEO and founder of Snowdale Design, has raised more than USD 160,000 across three board game crowdfunding campaigns on Kickstarter. He has used partners abroad to bypass the country limitation that Kickstarter has set, further proving Kickstarter is still a viable option for Finnish SMEs. He is one of the two interviewees who has so far conducted a campaign on Kickstarter.

The last interviewee, referred to as “Interviewee X”, has chosen to stay anonymous. His experience on Kickstarter was deemed valuable, and he was the second interviewee to leverage Kickstarter instead of Indiegogo.

Table 6. A list of interviewees

Respondent name & title	**Organization**	**Date**	**Time**	**Place**
David Blinov, Managing Partner, Digital Strategy Consultant	The F Company	Jan 29, 2018	17:00 – 18:00	Helsinki, Finland
Jouni Jussila, CEO	Playmore Games Oy	May 7, 2018	12:05 – 13:05	Helsinki, Finland
Timo Vuorensola, movie director	Iron Sky	May 8, 2018	13:45 – 14:30	Skype
Sami Laakso, CEO	Snowdale Design	May 8, 2018	15:45 – 16:20	Skype
Interviewee X	Anonymous	Jan 21, 2018	–	Email

While all interviewees have experience in different types of products and fields in crowdfunding, the data collected was mostly consistent and unanimous, though a few different opinions or preferences did arise. The key finding common to all interviews was that preparation is the number one thing in crowdfunding success (Jussila 7 May 2018; Blinov 29 Jan 2018; Vuorensola 8 May 2018; Laakso 8 May 2018; Interviewee X 21 January 2018).

5.2 Kickstarter data analysis

A custom sample of watch campaigns were extracted from Kickstarter for the purpose of analysing key statistics in the field of commissioning party’s operations. The most important variables collected were: the amount raised, the goal of the campaign, the number of backers, updates, comments and reward levels, as well as the duration of the campaign.

The data consisted of 1,277 watch campaigns with 20 data points each, covering more than 25,000 data points in total.

These key variables are listed in table 7, where the first number is the average and the second, between the parentheses, is the standard deviation.

Table 7. Summary statistics of watch campaigns on Kickstarter. N=1,277

Variables	All	Successful	Failed	Cancelled
Funded %	3.152 (40.548)	6.233 (58.275)	0.243 (0.232)	0.360 (0.634)
Goal	$30,774 ($59,981)	$22,361 ($26,116)	$37,919 ($92,864)	$40,514 ($47,807)
Backers	300.870 (2209.600)	555.536 (3092.424)	37.713 (61.578)	50.685 (118.042)
Pledge/backer	$266.40 ($276.41)	$303.02 ($270.94)	$217.48 ($289.26)	$246.53 ($253.84)
Updates	9.057 (9.716)	15.049 (9.942)	2.822 (4.071)	3.248 (4.056)
Comments	162.720 (826.075)	310.070 (1145.037)	10.134 (18.439)	18.523 (47.207)
Duration	34.252 (9.419)	34.211 (9.489)	33.856 (8.936)	35.057 (10.021)
Reward levels	9.632 (4.711)	10.461 (4.959)	8.633 (4.225)	9.068 (4.393)

5.3 General findings

While the key thing that unites the interviewees is crowdfunding, there were many different reasons for the crowdfunding campaigns. Laakso, for example, found it hard and time-consuming to find established board game publishers to publish his first games. Once he found a potential publisher, it would have taken two years for the game to be published due to other game projects the publisher had undertaken. He then learned games have done exceptionally well on Kickstarter and decided to fund and self-publish his first game via crowdfunding. (Laakso 8 May 2018.)

Vuorensola, on the other hand, got into crowdfunding by accident when he had no other choice. Having required a very specific types of boots for the filming of Star Wreck back in 2000, he was only able to find suitable ones for a hefty price in a sex shop. Having been students with no excess money to spare, Vuorensola and his team relied on the kindness

of their online supporters. The required money, and considerably more, was quickly donated by the supporters. This effectively demonstrated the power of the community, and Vuorensola and his team have leveraged it multiple times ever since. (Vuorensola 8 May 2018.)

Aside from the different background and reasons behind leveraging crowdfunding, special treatment should be given to the most devoted followers, argue Vuorensola. According to him, hidden pledge levels only shared with the closest followers can increase the support and devotion by giving special rewards. This is an easy way to make the most valuable fans feel special. (Vuorensola 8 May 2018.) Hidden reward levels are available on Indiegogo, but not on Kickstarter. When leveraged on Indiegogo, hidden reward levels have minimal effect to other backers' decisions, as they are often unaware of the special treatment.

Blinov, on the other hand, suggests asking feedback on the campaign draft page from the closest followers, or certain backers, prior to launching. This can help in finding typographical errors, graphical issues and other mistakes, as well as improve the quality of the page in the eyes of the backer. (Blinov 29 Jan 2018.) In addition to asking feedback from the followers, the author suggests leveraging multiple Facebook groups for crowdfunding creators. In addition to getting feedback from other creators, the Facebook communities are a great way to participate in relevant discussions and learn new things regarding crowdfunding.

It is also advisable to run the campaign during the final development of the product, not once it is ready for production. This is so that the crowd can give their feedback on the product, and in some cases, help to improve it. (Laakso 8 May 2018.) This is especially helpful for single-person creators who sometimes fail to see alternative options.

While the power should always be in the creator's hands, some feedback may be more valuable in terms of development than others. In board game industry, for example, power to influence the final artistic illustrations, such as characters, can be given to the backers (Laakso 8 May 2018). For watch companies, like Aarni Wood, potential wood options could be surveyed, and watches manufactured accordingly. Seemingly giving power to the backers can highly improve the motivation to support the campaign by making the product more custom-tailored.

5.4 Common factors in successful campaigns

Preparation is the most important factor in crowdfunding success (Jussila 7 May 2018; Vuorensola 8 May 2018; Laakso 8 May 2018; Blinov 29 Jan 2018; Interviewee X 21 January 2018). According to Blinov (29 Jan 2018), a marketing consultant, 90% of success happens before the campaign. Thus, all activities done prior to the campaign can drastically help in the success. He goes on to add there is little that can be done to ensure success once the campaign is live.

Lead collection and nurturing is one of the key elements to successful crowdfunding campaign. Without a sufficient amount of warm leads, the campaign is unlikely to receive the initial boost required for higher ranking by platform's algorithms (Blinov 29 Jan 2018; Jussila 7 May 2018).

Preparation should be started early, often at least 6 months in advance, agree Blinov (29 Jan 2018), Jussila (7 May 2018) and Interviewee X (21 January 2018).

Email lists are important to gather before the campaign launches. One of the most common reasons why campaigns fail is the fact that the creator solely relies on the organic backers coming from the platform itself (Blinov 29 Jan 2018). The truth is, the platforms are highly unlikely to feature the campaign on their emails, or raise them to the top results, unless the campaign funds in the first 48-72 hours (Blinov 29 Jan 2018; Jussila 7 May 2018; Vuorensola 8 May 2018).

Pre-collected email leads have the highest conversion rate compared to social shares and organic traffic (Fundly 2017).

Platform choice is important, and depends highly on the type of product, form of funding, and the target audience. As Vuorensola (8 May 2018) noted in the interview, based on his experience, indie movie productions are more likely to fund on Indiegogo than on Kickstarter, while the bigger projects with famous actors and aggressive marketing are likely to reach more funding on Kickstarter. The reason is simple. As Indiegogo has a keep-it-all funding model, smaller movie productions can keep the money pledged and adjust the project accordingly based on the funding, even if the goal is not reached. (Vuorensola 8 May 2018.) While the same is not true on Kickstarter, Kickstarter has more audience and potential to reach more funding if the campaign kicks off. In addition, media loves Kickstarter and shares the projects more often than those on Indiegogo.

As Kickstarter is the largest platform available, and the games category is the most funded category on the platform, Laakso (8 May 2018) argues there is no other true alternatives to consider. As he is a board game designer and publisher, it is easy to see the reasoning behind this argument.

Blinov (29 Jan 2018), on the other hand, gives praise to Indiegogo and its far superior support compared to Kickstarter. As Indiegogo is a more commercial platform, it is of Indiegogo's best interest to help the creators achieve higher results. This comes in the form of marketing and consulting support from the platform.

In the end, there is no single answer to as which platform is more suitable to any project, as it is highly dependent on the type of the campaign, the field of operation, the target audience, and many other factors.

Video is considered to be the most important part of the campaign page when it comes to funding appeal. It allows the creator to share the story and touch the hearts of the potential backers. (Wheat, Wang, Byrnes & Ranganathan 2013.) According to Mollick (2014, 8), having a video signals at least a minimum effort has been put in the preparation of the campaign, and is therefore an important success factor in the credibility and quality perspective.

According to Indiegogo's own study of 100,000 campaigns, "Campaigns with a pitch video raise 4 times more funds than campaigns without one" (Yeh 6 October 2015). Kickstarter (2017) shares similar views on their FAQ for Campaign Creators, stating "Videos are not required to launch, but projects that have compelling videos tend to succeed at a much higher rate."

While Blinov (29 Jan 2018) agrees on the importance of the pitch video, he notes more expensive video is not necessarily any better than a lower-budget video. What matters more is the story. He further adds that in crowdfunding, people do not buy features, they buy feelings. As video is an excellent way of touching audience's emotions, it should be well planned.

When it comes to video, Jussila shared his experience on the topic. He claimed the videos are not viewed as much on the campaign page as one would think and added: "but they tend to work especially well on social media marketing" (Jussila 7 May 2018), hinting the importance of videos used in social media marketing prior and during the crowdfunding campaign.

Reward levels are important to convey what rewards will the backer get for certain amount of money. Pricing plays an important role in the attractiveness of the campaign (Blinov 29 Jan 2018; Interviewee X 21 January 2018). If the reward tiers are too expensive, the product loses some of its appeal. And if they are too cheap, credibility issues start to arise.

For intangible products, like movies, experiences are the most attractive reward types instead of tangible goods like physical DVD copies, argues Vuorensola (8 May 2018). In his experience, VIP tickets to preview screenings and the chance to be a part of the movie as a side character, are the most successful reward types.

For tangible products, like games or watches, premium versions tend to do well when it comes to crowdfunding. Kickstarter specials are popular especially among games, but they can be implemented to multitude of other products, like watches in Aarni Wood's case. These exclusive versions of the products can help in creating fear of missing out (FOMO), a strong incentive to back the campaign.

Based on the Kickstarter analysis, watch campaigns have on average between 9-10 different reward levels. While the number may seem high, it can be explained with bundles (2-packs, 3-packs etc.), premium versions of the product, and with limited early bird -levels, which are explained in the next chapter.

Social activity is essential. Running a crowdfunding campaign and keeping up with the discussion, comments and questions, is a full-time job (Interviewee X 21 January 2018).

Social presence and linkage between the campaign page and personal or company websites often increases the changes of funding due to more information being available to the backer (Belleflamme & al. 2014, 8). As the backer gets access to more information, the legitimacy of the project increases and often makes the project more appealing, in turn attracting more backers (Frydrych & al. 2014, 6).

Successful campaigns have on average 14.6 comments, whereas failed campaigns only 1 (Lamidi 2017). Creator's activity in the comment section increases visitors comment count as well, via ongoing discussions, and is therefore an important mean in community building.

Based on the research conducted for this paper, successful watch campaigns have on average 310 comments, whereas failed campaigns only have ten. The median, however, is much larger, and shows how highly successful campaigns have comments in excess of 1,000 per campaign.

Linked social media gives a more personal feeling for the campaign and creates trust by giving a face for the creator. Mollick (2014, 8) found in his research that having more Facebook friends on the account used to create the campaign yield to higher chances of success. Ten Facebook friends meant 9% chance of succeeding, while 100 and 1,000 friends had 20% and 40% success rates for the campaign, respectively.

Project Updates are another easy way to keep the campaign page active, to share progress on the project, and to thank the backers along the way. Updates are often used to announce stretch goals during the campaign as well as to share development and manufacturing progress after the campaign. They are also used to announce new features, add-ons and other extras to gain more hype and increase the amount pledged.

Updates also are a great way to build trust in the community, and successful campaigns have on average 6.7 updates, whereas failed campaigns have only 1.5 (Lamidi 2017). For watch campaigns, the average number of updates are 15 and 3, respectively.

Laakso shared he likes to post updates a few times a week during the campaign to keep the community active, as long as there is something worth sharing. He mentioned updates as a good way to share more detailed information about specific features or components in the product, in his case board games, as they reach more interest among backers this way. Explaining everything in the campaign page description, he argues, can get tedious to read since attention span is generally quite low. (Laakso 8 May 2018).

Unique projects tend to receive more traffic, as long as they are useful, solve a problem, or are interesting in other ways. Kickstarter features certain campaigns based on the uniqueness or creativeness, and these “Projects We Love” campaigns tend to do much better on Kickstarter than the campaigns without the endorsement. In fact, successful featured watch campaigns raise on average USD 434,000, when campaigns not featured only raise USD 89,000. This is illustrated below in figure 7, where 0 stands for not featured and 1 stands for featured by Kickstarter.

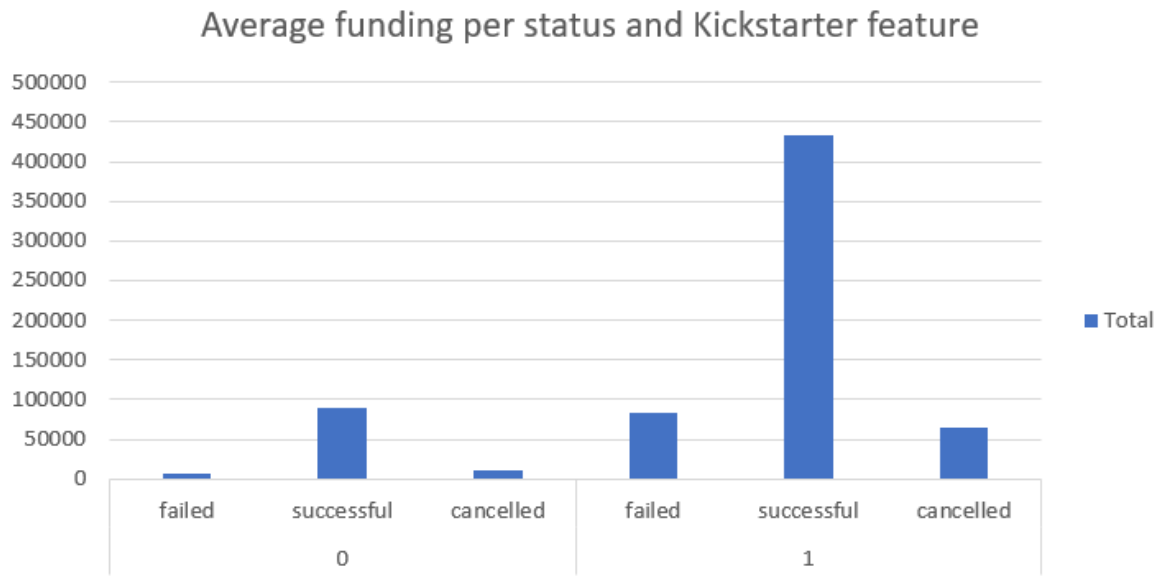


Figure 7. Average funding for watch campaigns based on status

5.5 Common mistakes in crowdfunding campaigns

According to Jussila (7 May 2018), and his personal experience with Dized Indiegogo campaign, **launch date** should not be announced until it can be met with high certainty. While Jussila admitted they made multiple mistakes with the Dized campaign, the biggest mistake was to announce the launch date months in advance and committing to it, resulting to lost potential due to not being ready on time.

Relying on **organic growth** is one of the biggest mistakes a creator can make. The creator should always have sufficient amount of warm leads prior to launching (Blinov 29 Jan 2018; Interviewee X 21 January 2018). In crowdfunding, existing backers tends to attract more crowd. Therefore, initial boost should be achieved with existing followers as well as friends and family. If there is no existing base to market the campaign for, the campaign is likely to be lost in the sea of other, more active campaigns, and therefore fail. (Blinov 29 Jan 2018.)

Another big mistake that can be made is **inactivity** during the campaign, both in social media and in the campaign page. Creator's activity can highly affect the activity of backers, as well as show the effort and passion behind the project.

Assigning resources inefficiently is also a mistake that often happens in crowdfunding according to Jussila (7 May 2018). In his experience, pre-marketing, at least when it comes to paid marketing, should be used carefully. One of his mistakes in the Dized campaign was wrong channels for paid marketing, yielding to low return of investment and

high costs. Jussila also hired local leaders from multiple countries to translate the campaign page and do local marketing. This too turned to be inefficient use of resources as the results were too low to cover the expenses. (Jussila 7 May 2018.)

Another mistake often done by creators is the **expectations** of the campaign are too high. Too often the creator only looks for the highly successful campaigns and fails to see the amount of failed campaigns. This often leads to high disappointments, as well as lost money. In fact, only 2% of all successful campaigns raise more than USD 150,000 on Kickstarter (Kickstarter 2018a).

When discussed about the size of the project, both Jussila and Blinov agree it is best to start small, gain experience, and only then move onto larger projects. Starting with smaller campaigns risks and resources can be minimized, and the creator can try out different things more freely to see what works and what does not. Learning from mistakes and gaining experience will drastically help in future crowdfunding campaigns. (Blinov 29 Jan 2018; Jussila 7 May 2018.)

6 Guidelines for crowdfunding campaigns

This section aims to give a good introduction to what needs to be thought-of, planned, and executed prior, during and after a crowdfunding campaign. The guide is made with Kickstarter and Indiegogo, the two most prominent reward-based crowdfunding platforms, in mind. The guidelines are based on all the research and theory collected over the course of the thesis project, as well as the author's personal experience in working on a crowdfunding campaign.

6.1 Steps to building the campaign

There are many steps to building the campaign. The whole process begins from the consideration. After the decision has been done, creators move into preparation phase. This phase includes planning the campaign, collecting leads, and finding the right people to support in the process.

6.1.1 Preparation

Preparation is the key in successful crowdfunding. Not all campaigns with good preparation succeed, but nearly all campaigns with bad preparation fail. The creators must ask themselves various questions, including the six Ws: who (target audience), what (product/service being funded), when (timing of the campaign), where (the platform of choice), why (reasons behind the project) and how.

Why crowdfunding?
Before anything else the creator must decide why to start a crowdfunding campaign. Perhaps the biggest misconception regarding crowdfunding is the assumption of free money flowing in. The news about big multi-million crowdfunding campaigns tend to blind creators into believing they could achieve the same. While that might be true in some cases, the fact is, crowdfunding is not easy. It requires a large amount of preparation and commitment as well as countless hours of hard work. While crowdfunding can, and generally is, used to fund new ideas, it can also be used to test the market, study the potential target audiences, and market a new product or service**.**

What is it about?
While a company may have multiple products or operations, it is important to know what to fund, and how. The campaign must be clear, purposeful, and precisely formulated to avoid any confusion among potential backers. A clear objective should be formulated, with benefits and risks analysed.

In the case company's case, the likely object to be funded would be a watch or something made from wood. Something tangible, in any case. Therefore, manufacturing partnerships should be planned and detailed pricing for different quantities agreed. Manufacturer's limitations should be studied. Many over-funded campaigns have failed to deliver due to more complicated manufacturing processes and manufacturer's inability to scale for larger volumes.

Scenario planning is an excellent tool in planning a crowdfunding campaign. Minimum three scenarios should be analysed: unsuccessful campaign, barely funded, and highly overfunded. Some example questions that should be thought of:

- What happens if we do not fund?
- Will the project realize without crowdfunding, and if yes, how?
- Should the project barely fund, will the product see only one production round, or will there be future production? If yes, with what funds?
- Have we calculated enough buffer to survive small setbacks in the production?
- If we overfund by large margins, can we easily scale up in production and shipping?
- Do our partners have the capacity to scale, or should alternative manufacturers be looked for in advance?

Planning for all types of scenarios will help during and after the campaign. Scenario analysis will help to find weak links in the distribution channels and increase the chances to deliver the project on time after the campaign is over.

Who is it for?

A prerequisite for good, targeted ads with a high return of investment is a clear understanding of the target audience. The more detailed the target audience is, and the better understanding as to where to reach this audience most effectively, the higher chances there are for high cost-efficiency.

Facebook offers great tools to create lookalike audiences based on current leads, be it Facebook or Instagram followers, imported email lists, app users, or website visitors based on Google Pixel cookies. Lookalike audiences help effectively, and automatically, to focus Facebook marketing based on previously collected leads. (Facebook 2018.)

What platform of choice is the best?

After the decision to run a crowdfunding campaign, and the decision of the target audience, choosing the right platform is the next critical step in planning. The different options should be studied according to the type and goal of the project, the industry the product or

service belong to, planned target audience, services the platform can offer, and the availability in the country where the creator operates from.

For example, while games category is the most successful category on Kickstarter (Kickstarter 2018a), the same does not apply to Indiegogo. Generally, for any games to be crowdfunded, the largest audience and best success rate is on Kickstarter**.** As in case company's case, for watches, both Kickstarter and Indiegogo are viable options. Design and technology categories are among the highest raising categories on both platforms, so other factors need to be considered.

While Kickstarter has a generally higher-quality perception than Indiegogo due to its strict quality screening, it is more closed as a platform and not as flexible as Indiegogo. As covered earlier, Kickstarter only accepts creative projects from 22 listed countries, while Indiegogo accepts nearly any project from any country in the world. This makes Indiegogo more accessible to most people.

While Kickstarter receives more visitors each month, approximately 27 million unique visitors compared to Indiegogo's 12 million (Vardanyan 13 November 2015), Indiegogo offers better support for creators. Indiegogo also offers In-demand service, which supports taking in pledges, or orders, after the official funding period is over.

The third platform introduced in this thesis, Mesenaatti, only operates in Nordic countries, with focus in Finland. While it is not a good option to reach international audiences, it is best suited for local Finnish projects. More detailed introduction of the three platforms has been covered earlier in the paper, and a comparison table can be seen in appendix 2.

In addition to the three platforms covered in the research, there are tens of other options available to creators, depending on their location, type of crowdfunding, and target audience.

Based on the research done; due to simplicity, better support for project creators, and higher flexibility, Indiegogo would be the best option for Aarni Wood's first campaign.

Building the following.

As a Kickstarter veteran Jamey Stegmaier covered in his 'A Crowdfunder's Strategy Guide' (2015, 40), launching without a crowd is the #1 reason why most campaigns fail. In general, the creator can hope anywhere between 1-10% conversion rates from email

campaigns depending on the quality of the leads. Purchased leads yield to much lower results, whereas leads collected by the creator, such as through landing pages or events, are generally much more valuable.

Due to this, the creator needs to plan the marketing of the campaign in advance and collect as many leads as possible by being active in relevant communities, were it to be Facebook groups, industry fairs or exhibitions, as well as other types of events. Building awareness of the product or service in advance is crucial, as the faster the campaign funds after the launch, the higher it ranks on the platform's algorithms, resulting to more organic backers to flow in. On Kickstarter, 78% of the campaigns that raised 20% of the funding goal in the first 48 hours were funded (Kickstarter 2018a).

If the creator is not confident in creating a media plan and collecting leads, an outside agent should be hired. In this case, it is advisable to contact marketing agents who already have experience in crowdfunding, as it can be fundamentally different from traditional marketing (Blinov 29 Jan 2018). Majority of the marketing regarding crowdfunding happens online, in social medias. This means social media experience is preferable. It is very different to pitch an idea to audience instead of an already existing product. Viral marketing, while hard to plan, predict and conduct, can effectively raise the amount funded by orders of magnitude.

It is advisable to start collecting leads early, preferably months before the campaign, and not launch the campaign before sufficient amount of quality leads have been collected, as stated by Jussila during the interview (7 May 2018). The amount of required leads differs from campaign to another. Basic calculations can be done as follows: If the campaign goal is set at USD 50,000, and the expected average pledge is USD 150 (anticipated best-selling reward level, such as a single watch), reaching the goal requires 334 pledges. If the email conversion rate is 5%, the creator should have a minimum of 6,667 email leads collected prior to launch to get a strong start.

6.1.2 Building the campaign page

How the creator builds the campaign page is extremely critical for success, as it can either increase or decrease the project quality in the eyes of the page visitor. The campaign page has multiple important touchpoints to the visitor. The front page of Kickstarter campaign, for example, consists of a pitch video, campaign status, about page and reward levels. There are separate pages for Frequently Asked Questions (FAQ), updates, com-

ments and community. Of these, the about page, reward levels, FAQ and updates are factors the creator has direct power over. The comment and community sections as well as the campaign status depend on the backers and campaign page visitors.

It is highly recommended to join relevant closed Facebook groups for crowdfunding creators, such as “Kickstarter Best Practices” group, to participate in discussions, learn from others, and to ask for feedback on the project page. These communities are built to help and support crowdfunding creators and are excellent especially for the first-time creators.

Pitch video

Often the first thing a visitor encounters on a crowdfunding campaign page is the pitch video. The pitch video should be short (preferably no longer than 2-4 minutes), concise, and share a story why the product is being developed, who it is for, and what problem will it solve, as well as to show the passion behind the project.

Further independent studies have shown that Kickstarter campaigns are 85% more likely to succeed with a video than without one (Davidson 26 May 2017).

It is often a good idea to hire outside help with the creation of the pitch video, as the quality and style is a big factor of the campaign’s success. As discussed with Blinov, it is recommended to avoid making the video too technical, and instead try to make it emotionally appealing (29 Jan 2018). There is room to cover all technical details on the about section with either text, video or images.

The about page

The about section should be visual and introduce the product and its features clearly. This section is the place to mention all details and features of the product or service, introduce possible stretch goals, feature video reviews, and introduce the team. This is the area where images are worth a thousand words. Infographics and animated images (gifs) are especially powerful in delivering the concept through the screen. As there is often no way to try the product before backing the campaign, visitors make the decision to pledge by what they see and how they feel about the project and its creator.

It is recommended to avoid making the about page too long, and to make sure to plan the layout of the section in advance. Using clear titles to separate the different sections is also advisable.

Stretch goals

Stretch goals are a good way to boost the campaign, increase the average pledge, and make the product better for all parties involved. The general idea behind stretch goals is to use the production savings from economies of scale into making the product or service better and more appealing. There are many different things the creator can do with stretch goals, but the goal is to benefit the backer and, in some cases, try to promote a higher reward tier.

Stretch goals can improve the product by upgrading to higher quality materials, adding new features and/or colours, as well as to offer new elements together with the product (extra wrist bands for a watch, new cards for a game, etc.) All these improvements should make the product more appealing. In some cases, a few of the stretch goals may only apply to premium reward levels to boost the higher price tier and effectively raise the pledge per backer.

Stretch goals should always be planned before campaign launch and they should never affect the creator's finances negatively. Only a couple of stretch goals should be revealed at the beginning of the campaign and rest should be saved until after the initial boom. This way the creator can adjust the unlock goal depending on the traction the campaign gets and thus avoid burning all stretch goals in the first few days.

Stretch goals can be divided into two popular subgroups: funding progress and social stretch goals. Funding progress goals are based on the amount pledged. For example, the initial goal is USD 10,000. After reaching USD 20,000 in pledges, a new colour option will be available. After reaching USD 30,000, a new feature is revealed. Social stretch goals are based on social actions, such as shares, likes, and tweets. For example, certain features will be unlocked after 500 social shares. While social stretch goals do not bring in money immediately, they are a good way to spread knowledge of the campaign via existing backers.

For the case company, example stretch goals could include the unlock of new wood options for the watch, leather bands, coloured leather bands, upgraded box, extra watch batteries, or improvements to the base product, such as different watch movements (mechanical, Quartz) or higher quality glass. For smart watches, new watch faces, wireless charging, or longer lasting battery could be good stretch goal options.

Pledge levels

Pledge levels should be decided early and be based on cost calculations. The average project has seven reward levels bringing an average of USD 70 per backer (Kuppuswamy

& Bayus 2015, 21). On Kickstarter, the most popular pledge across all categories is $25 (Kickstarter 2018d). This, however, varies depending on the product, category and industry. The average pledge per backer for watch campaigns on Kickstarter is $208 based on the watch data collected, as illustrated below.

Table 8. Average pledge for watch campaigns on Kickstarter based on campaign status. N=1277

Status	Average of converted_pledged_amount	Average of backers_count	Average pledge, $
canceled	10440	51	205,98
failed	8126	38	215,47
live	31162	131	237,36
successful	117149	556	210,88
suspended	38060	402	94,62
Grand Total	**62310**	**299**	**208,47**

Once the landed costs (production and shipment to warehouse as well as any associated costs within) are known, it is a good idea to see how other similar campaigns have priced their reward tiers. Most campaigns price their goods well below MSRP on Kickstarter, in an attempt to achieve more volume and therefore publicity as well as reach cost savings.

According to Stegmaier (2015, 68), a $1 pledge tier should always be added, especially on Kickstarter. Many backers use the $1 pledge as a way to subscribe to campaign updates and follow the progress during the campaign. As Kickstarter uses a soft-pledge method, backers may change or cancel their pledge while the campaign is active. While not all the $1 pledges convert into more money, many backers tend to upgrade their pledge closer to campaign finish date.

FAQ

Frequently asked questions should also be thought in advance. It is always a good idea to think about the most probable questions and concerns the potential backers may have and plan official replies for them. On Kickstarter, there is a separate page for FAQ that can only be updated once the project goes live. It is, however, advisable to create the questions and answers in advance, and update the FAQ section as soon as the campaign launches. There is no separate page for frequently asked questions on Indiegogo nor Mesenaatti, so these should be added into the campaign page text.

Not only does providing an official FAQ reduce recurring questions on the comments section, but it also provides a way for backers to help each other on those times when the creator is offline. It will also help potential crowdfunding partners to give official responses with pre-written answers. FAQ section should be updated every time new frequently

asked question arises on the comment section or other discussion forums related to the project.

Updates

Updates section, while not having content prior to launch, is still an important factor in the planning phase. The more updates that have been planned in advance, the smoother the process is. It is highly advisable to create update templates ready and modify them as required during the campaign. Such pre-planned updates may be stretch goal announcements, new images of prototypes, shares of media mentions, announcements of reaching a certain number of backers, and so forth.

Writing regular updates helps staying in touch with the backers. It communicates to the backers the creator is active, both during and after the campaign. Updates are a good way to share progress updates both during and post-campaign, as well as to make the backers come back to the campaign page.

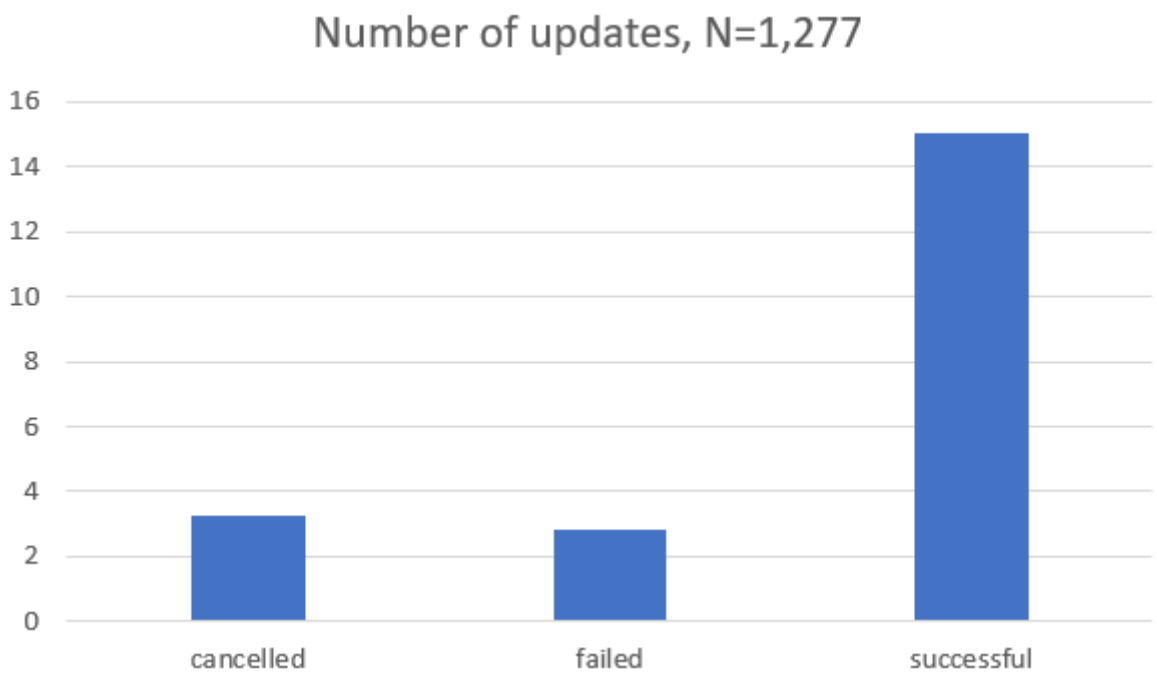


Figure 8. Average number of updates for watch campaigns on Kickstarter per campaign status

According to the 1,277 watch campaigns analysed, successful campaigns have on average 15 updates, while failed campaigns only have less than three. Cancelled campaigns are included in the figure 8, as many campaigns are being cancelled by the creator if they do not reach the goal early enough. This further proves the importance of regular updates.

6.1.3 Announcing the campaign

Preparedness is important when announcing the campaign. Marketing material and media packages should be prepared beforehand. Relevant media outlets should be contacted prior and after announcing the campaign, as well as after the launch. Close relations with the industry and community will help dramatically when announcing the campaign.

There is no official recommendation when the campaign should be announced, but the author suggests for the campaign to be announced several weeks prior to launching. This will allow landing pages to collect more leads and help keep hype about the launch. Announcing the campaign too early and the leads will get cold and announcing it too late will result in smaller amount of hot leads. This timing, however, will change from campaign to campaign depending highly on the actions of the creator.

According to both Blinov (29 Jan 2018) and Vuorensola (8 May 2018), the campaign page preview should be shown to most devoted fans prior to launching the campaign to get feedback and improve the page prior to launch. Vuorensola also added that hidden pledge levels, meant for the most devoted fans or other special groups, often works to gain the initial boost. He states they are a good way to give back to the returning backers who believe not only in the product being funded, but also the creator and the business behind the project (Vuorensola 8 May 2018). Indiegogo is the only platform analysed that offers hidden pledge levels.

The initial announcements should be done on social media pages as well as potential email lists. According to Laakso, paid social media advertisement should not be used at this point, but only when the campaign is live. He explained this opinion by stating once people view the ad online, they either are ready to buy the product immediately or not at all. Using paid advertisement to collect leads is in his experience much more expensive than using paid advertisement to draw people to the campaign page. (Laakso 8 May 2018.)

6.1.4 Launching the campaign

Once all preparation for the campaign is done, it is time to launch. The date for the campaign launch may have an effect to how well the campaign kicks off. Seasonality should also be taken into account, as shown by one of the all-time most funded campaigns on Kickstarter, the Coolest Cooler.

The original Coolest Cooler campaign ran on Kickstarter from November 26th to December 26th, 2013. The campaign only gained 279 backers and reached USD 102,000 of its USD 125,000 goal (Kickstarter 2013). One of the biggest issues was the timing. Potential backers had a hard time to relate to the product and its idea, therefore failing to see the potential in the middle of cold winter. The original idea was to fund the campaign during winter, so backers would receive the product for the next summer.

However, the creator listened to the feedback, improved the product, and more importantly the timing of the campaign, and re-launched it on July 8th, 2014. As the creator learned from his mistakes and did everything better the second time, and as the summer of 2014 was exceptionally hot in the United States, the page visitors easily recognized the potential of the product and developed need for it. The second campaign for the Coolest Cooler successfully raised USD 13,285,226 from 62,642 backers on August 30th, 2014, gaining the title of most-funded product on Kickstarter at the time (Kickstarter 2014).

Once the date for the launch is set, upcoming launch notices should be sent to social media followers as well as email subscribers around 24-48 hours in advance. This works as a reminder of the upcoming campaign, and often increases the hype around the campaign. Next email campaign should be sent an hour or two prior to launch with automatic countdown, or once launched.

Relevant media should be contacted earlier, with discussions to post news about the campaign once launched, to help increase the traffic to the campaign page.

Launch is the time when the creator must be at the ready at any time, and no other work or project is recommended for the first couple of days. The more help the creator can get at this time the better. For campaigns with only one active person, the creator, family and friends are often the best source of help. For bigger teams, multiple employees should be scheduled exclusively for the campaign.

6.2 Activities during the campaign

Although there are comparatively little that can be done during the campaign versus prior to campaign, there are many important things that must be done to increase the chances of success.

Live video is a great way to interact with current and potential backers, get feedback, reply to questions and reveal new features, as well as to showcase the product. It is a great

way to increase trust with the audience by encouraging personal connection and creating a new type of intimacy between the creator and the backers.

Kickstarter introduced Kickstarter Live in November 2016 to help “share and experience the creative journey as it happens” (Kickstarter 2016). The special feature on Kickstarter Live compared to other live video services is the ability to pledge right within the live video screen. According to Kickstarter, the Kickstarter Live has been used to playtest games, host live product demos, and countdown the last minutes of the campaign. It has also been used to broadcast cooking shows and perform songs, for example. (Kickstarter 2016.) All good ways to interact with the community in a fun and compelling way.

Live video is also important from marketing perspective. Kickstarter Live paired with Facebook Live is a powerful combination to reach new audiences for the campaign. Kickstarter Live allows it to be broadcasted as a Facebook live in an easy fashion, so no decision between the two live platforms need to be made. Furthermore, Facebook’s algorithm gives priority to live streaming, making them appear higher in News Feed (Facebook 2016), often surpassing paid advertisement in visibility.

Project updates should be posted regularly, at least two times a week, during the campaign. Project updates are a great way to introduce certain elements of the project in more detail, for example introducing a game component, showcasing prototypes, introducing some of the production process, or revealing new stretch goals. It can also be used to request help from the backers, like proofreading rule books or asking feedback of the style of the product (when there is room to do changes).

These updates make the backer come back to the project page, see the progress of the project, and potentially upgrade their pledge or share the project with their friends.

Contacting relevant media should be continued over the course of the campaign, not only prior to it. Most media outlets are more likely to write an article about the project once it has gained traction and when it is relatively successful, as well as when it solves an important problem.

Cross-promotion between other campaigns is also widely used mean of marketing and support. As crowdfunding is based on community and social interaction, it is important to communicate with other creators as well, especially during first campaigns. The most commonly used way to cross-promote other campaigns, and have your campaign be promoted by them, is via a notice at the end of project updates.

6.3 Post-campaign activities

Once the campaign is over, the communication should not end here. Not only is it time to focus on the production and delivery of the rewards, but also to keep the crowd up-to-date of what is happening. The crowd, after all, is the sole reason the campaign succeeds.

Project updates should be posted whenever there is new progress, or new images of the products to be shown. One post per month is often enough, especially if there is no important information to be shared. This again, however, depends highly on the type of the product and the production complexities as well as the delivery time. Some projects deliver the rewards within only a couple months of the campaign, and some only deliver a year or two later.

As discussed during the interviews, it is best to stay honest and inform of any delays in the production or delivery, whether they are in the hands of the creator or not (Vuorensola 8 May 2018). This can help in keeping the crowd happy, and to increase the chances of them supporting the creator's other projects in the future.

In addition to project updates, backers' contact information must be collected for the shipping of rewards. For simple projects with only a few options, platform's survey-engine may be used to collect the required information. For more complex projects, with possible add-ons and other choices, such as colour or material used, pledge manegers are suggested. Pledge managers are 3rd party services made to help collecting pledge-related information from the backers, as well as to offer add-on sales directly via the service. Pledge managers may also be used to offer late pledges for those who missed the campaign.

Popular pledge managers include PledgeManager, BackerKit and CrowdOx. All pledge managers offer similar features, while some are more advanced and easier to use than others.

Once the products have been delivered, it is important to ask for feedback for future development, as well as to keep the community active. The backers for the first project are a good base for potential backers in the next campaign.

7 Conclusions

In conclusion, reward-based crowdfunding is a viable, and often underutilized, mean of funding a project. While it is not good in funding a business, like equity-crowdfunding, it is a low-risk, medium-effort way of financing new products or services, as well as finding new audience and building a brand.

During the research, crowdfunding was found to be a fast-growing market, with a total of USD 34.4 billion raised in global markets in 2015. The market is expected to keep growing at a quick pace throughout the world as well as to increase in importance. Due to this, new laws and regulations have been required to better regulate the market.

In contrary to some people's understanding, crowdfunding is indeed legal in Finland. While donation-based crowdfunding is highly regulated, and requires a fundraising permit, reward-based crowdfunding generally falls under Consumer Protection Act (in B2C cases). Equity-based crowdfunding is regulated by the new Crowdfunding Act, which came into force in 2016.

While equity-based crowdfunding dominates the Finnish crowdfunding market for business', reward-based crowdfunding is hugely popular in the United States. International reward-based crowdfunding campaigns should therefore be aimed towards the North-American market in most cases.

Reward-based crowdfunding projects can, under certain circumstances, become viral online, earning millions in funds. This, however, is really rare. On Kickstarter, an average of only 36% of all campaigns fund, and majority do so by little margins. Thus, crowdfunding should not be thought as a money-making machine, but rather as a way to release products to the market with low initial investment, as well as in brand building. Crowdfunding may also be utilized to validate markets and products.

Reward-based crowdfunding is highly dependent on the quality of the product, as well as the activity of the crowd. While there is no certainty for any campaign to fund, there are certain actions the creator can perform in order to increase the chances. The main activities creators should focus on are lead collection, community building, campaign page planning, and resource allocation. In no circumstance should the creator launch without any leads or social following, or when the project planning is not ready. Campaigns should only be announced when the date is certain, and all preparation have been conducted.

During the campaign it is highly advisable to write project updates a few times a week. The project updates should revolve around the product by introducing certain parts of features in more detail, by announcing new stretch goals, by asking for feedback or by having a vote on certain options, as well as in thanking the backers and sharing the current progress of the campaign.

In addition to project updates, a live video is suggested to have a more intimate and compelling way of interaction with the project backers. If using Kickstarter Live, it is found to be more powerful when combined with Facebook Live.

In addition to preparation and activities during the live campaign, post-campaign activities are important as well. Updates should be posted at least once a month regarding the production progress, as well as to send surveys for shipping addresses and pledge-specific choices. Pledge managers are suggested in a more complex reward-schemes, where the backers have been able to choose specific features of elements, such as the colour, material, or version. Pledge managers may also be used to offer add-on sales for backers, as well as work as a late pledge option for those who missed the campaign.

7.1 Trustworthiness of the research

The author has tried to use a wide range of relevant sources to increase the trustworthiness of the research. For the theory part, the sources are generally good quality journal articles from highly regarded authors in the field. Some data are a bit outdated, though the author has given more up-to-date information according to the research conducted.

However, due to unforeseeable factors, only five interviews were held. While the creators shared experience in all the three platforms introduced in this research, more interviews would have improved the results, as the author feels there was still room to gain new information.

As there are no many academical books regarding crowdfunding, majority of the sources were articles from academic journals. For statistics, publicly available information from the platforms were collected. This direct approach improves the legitimacy of the information.

In addition to academic literature and the data collected from the crowdfunding platforms, several blog posts and individual researches were utilized when no better source was found, or where the source was deemed relevant.

7.2 Suggestions for future development

The thesis should form a good base for Finnish SMEs to consider reward-based crowdfunding, and work as a basic tool to build the campaign. Further studies should have a larger base of crowdfunding creators included in the research. Future researches should also analyze individual campaigns in a more deeper level, as well as benchmark the quality of the campaigns to better highlight the importance of graphics, video quality, and written introductions.

As crowdfunding is a relatively new concept, and since it evolves quickly, there is a lot of work going into researching the phenomena. Future research into success factors must be done to keep the information as up-to-date and relevant as possible.

New platforms should also be analyzed in future development. There are many other platforms that were not covered in this research, such as Ulule, one of the largest European-based reward-based crowdfunding platforms. Due to time constraints, Ulule was not featured in this research.

7.3 Self-evaluation

The research and writing process for the Thesis has been a long journey in which the author has learned a lot not only about crowdfunding, but also about research, analyzing and writing. At the time of the thesis planning, a great interest was formed toward crowdfunding, and a commissioning party was found. The author still feels crowdfunding is important in future product development, marketing and financing, and hopes to work on the field in future. Writing of this thesis has given the author good understanding in the field.

The beginning of the research was not easy, however, as gaining interviews and finding appropriate literature turned to be a harder task than initially thought. Some of these issues were solved, and good-quality data was collected in the end.

After the author started an internship in a different company, the thesis project started to move forward. The internship was highly related to the topic of the thesis, and the author was able to obtain a lot of insight in the field while working on a crowdfunding campaign. New relationships were made, and more interviews were organized, effectively leading towards the finalization of the thesis.

Working on a crowdfunding project in internship has taught the author a lot about crowdfunding, and the author has been able to prove some theory in action as well, effectively improving the learning curve. However, the author was not able to gain experience during a live Kickstarter campaign over the course of the internship, as the campaign had to be moved further due to not being fully ready.

Having familiarized with the crowdfunding industry, the author may use the gained knowledge and experience in future endeavors, be it as an entrepreneur or as an employee for a relevant company.

References

Aarni Wood 2018. Aarni Wood Watches and Eyewear. URL: https://aarniwood.com/. Accessed: 5 February 2018.

Agrawal, A.K., Catalini, C. & Goldfarb, A. 2014. Some simple economics of crowdfunding. Innovation policy and the economy, 14, pp. 63-97.

Agrawal, A.K., Catalini, C. & Goldfarb, A. 2011. The Geography of Crowdfunding. National Bureau of Economic Research. URL: http://www.nber.org/papers/w16820.

ArtistShare 2018. ArtistShare - Concert in the Garden. URL: https://www.artistshare.com/projects/experience/1/2. Accessed: 24 April 2018.

BBC News 2013. Statue of Liberty and early crowdfunding. URL: http://www.bbc.com/news/magazine-21932675. Accessed: 24 April 2018.

Beaulieu, T., Sarker, S. & Sarker, S. 2015. A Conceptual Framework for Understanding Crowdfunding. Communications of the Association for Information Systems, 37, pp. 1-31.

Belleflamme, P. & Lambert, T. 2014. Crowdfunding: Some Empirical Findings and Microeconomic Underpinnings. Forum Financier - Revue Bancaire et Financière, 4, pp. 288-296.

Belleflamme, P., Lambert, T. & Schwienbacher, A. 2014. Crowdfunding: Tapping the right crowd. Journal of Business Venturing, 29, 5, pp. 585-609.

Belleflamme, P., Lambert, T. & Schwienbacher, A. 2013. Individual Crowdfunding Practices. Venture Capital, 15, 4, pp. 313-333.

Blinov, D. 29 Jan 2018. Digital Strategy Consultant. The F Company. Interview. Helsinki.

Brown, T.E., Boon, E. & Pitt, L.F. 2017. Seeking funding in order to sell: Crowdfunding as a marketing tool. Business Horizons, 60, 2, pp. 189-195.

Consumer Protection Act 38/1978.

Cosh, A., Cumming, D. & Hughes, A. 2009. Outside Entrepreneurial Capital. Economic Journal, 119, 540, pp. 1494-1533.

Crowdfunding Act 734/2016.

CrowdfundingHub 2016. The Current State of Crowdfunding in Finland. URL: http://www.crowdfundinghub.eu/current-state-crowdfunding-finland/. Accessed: 28 February 2018.

Davidson, N. 26 May 2017. Your Kickstarter is 85% more likely to succeed with a kickstarter video. MWP Digital Media Blog. URL: https://mwpdigitalmedia.com/blog/without-a-video-your-kickstarter-project-will-probably-fail/. Accessed: 12 May 2018.

Etikan, I., Musa, S.A. & Alkassim, R.S. 2016. Comparison of Convenience Sampling and Purposive Sampling. American Journal of Theoretical and Applied Statistics, 5, 1, pp. 1-4.

European Commission 2003. What is an SME? URL: http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en. Accessed: 6 March 2018.

Facebook 2018. About Lookalike Audiences for Facebook Ads | Facebook Help Center. URL: https://www.facebook.com/business/help/164749007013531. Accessed: 13 May 2018.

Facebook 2016. Taking into Account Live Video When Ranking Feed | Facebook Newsroom. URL: https://newsroom.fb.com/news/2016/03/news-feed-fyi-taking-into-account-live-video-when-ranking-feed/. Accessed: 10 April 2018.

Finlex 2006. FINLEX ® - Ajantasainen lainsäädäntö: Rahankeräyslaki 255/2006. URL: https://www.finlex.fi/fi/laki/ajantasa/2006/20060255?search%5Btype%5D=pika&search%5Bpika%5D=rahanker%C3%A4yslaki. Accessed: 30 April 2018.

Freedman, D.M. & Nutting, M.R. 2015. A Brief History of Crowdfunding. URL: http://www.freedman-chicago.com/ec4i/History-of-Crowdfunding.pdf. Accessed: 5 March 2018.

Frydrych, D., Bock, A.J., Kinder, T. & Koeck, B. 2014. Exploring Entrepreneurial Legitimacy in Reward-Based Crowdfunding. Venture Capital, 16, 3, pp. 247-269.

Fundly 2017. Crowdfunding Statistics: The Facts About the Latest Fundraising Craze. URL: https://blog.fundly.com/crowdfunding-statistics/. Accessed: 12 May 2018.

Hemer, J. 2011. A snapshot on crowdfunding. Working papers firms and region, R2/2011.

Howe, J. 2006. The Rise of Crowdsourcing. URL: https://www.wired.com/2006/06/crowds/. Accessed: 24 April 2018.

Indiegogo 2018. Explore Crowdfunding Campaigns with Indiegogo | Indiegogo. URL: https://www.indiegogo.com/explore/all?project_type=campaign&project_timing=all&sort=most_funded. Accessed: 14 March 2018.

Interviewee X. 21 January 2018. CEO. Interview. Email.

Jämsä, L. 2017. Update 22: About a Lab... · RuuviTag - Open-Source Bluetooth Sensor Beacon. URL: https://www.kickstarter.com/projects/463050344/ruuvitag-open-source-bluetooth-sensor-beacon/posts/1854131. Accessed: 10 March 2018.

Jussila, J. 7 May 2018. CEO. Playmore Games Oy. Interview. Helsinki.

Kickstarter 2018a. Kickstarter Stats — Kickstarter. URL: https://www.kickstarter.com/help/stats. Accessed: 28 March 2018.

Kickstarter 2018b. Discover Projects — Kickstarter. URL: https://www.kickstarter.com/discover/advanced?sort=most_funded&seed=2543881&page=1. Accessed: 25 April 2018.

Kickstarter 2018c. Discover » Finland » Newest — Kickstarter. URL: https://www.kickstarter.com/discover/advanced?woe_id=23424812&sort=newest&seed=2531302. Accessed: 24 April 2018.

Kickstarter 2018d. Building rewards — Kickstarter. URL: https://www.kickstarter.com/help/handbook/rewards. Accessed: 25 April 2018.

Kickstarter 2017. Kickstarter FAQ - Creator Questions. URL: https://www.kickstarter.com/help/faq/creator+questions. Accessed: 5 March 2018.

Kickstarter 2016. Introducing Kickstarter Live. URL: https://www.kickstarter.com/blog/introducing-kickstarter-live. Accessed: 14 May 2018.

Kickstarter 2014. COOLEST COOLER: 21st Century Cooler that's Actually Cooler. URL: https://www.kickstarter.com/projects/ryangrepper/coolest-cooler-21st-century-cooler-thats-actually. Accessed: 14 May 2018.

Kickstarter 2013. The Coolest: Cooler with Blender, Music and So Much More. URL: https://www.kickstarter.com/projects/ryangrepper/the-coolest-cooler-with-blender-music-and-so-much. Accessed: 14 May 2018.

Kickstarter 2012. Senja Teaches you Swedish (and Finnish) Books. URL: https://www.kickstarter.com/projects/senja/senja-teaches-you-swedish-and-finnish-ipad-app. Accessed: 24 April 2018.

Kleemann, F., Voss, G. & Rieder, K. 2008. Un(der)paid Innovators: The Commercial Utilization of Consumer Work through Crowdsourcing. Science, Technology & Innovation Studies, 4, 1.

Kuppuswamy, V. & Bayus, B.L. 2015. Crowdfunding Creative Ideas: The Dynamics of Project Backers in Kickstarter. Rochester. URL: https://papers.ssrn.com/abstract=2234765.

Laakso, S. 8 May 2018. CEO. Snowdale Design. Interview. Skype.

Lamidi, A. 2017. Predicting the success of Kickstarter campaigns. URL: https://towardsdatascience.com/predicting-the-success-of-kickstarter-campaigns-3f4a976419b9. Accessed: 10 April 2018.

Larsen, S. 4 December 2012. 5 syytä siihen, että joukkorahoitus on haastavaa, mutta ei mahdotonta. Senjaopettaa Blog. URL: https://senjaopettaa.fi/2012/12/04/5-syyta-joukkorahoitus-haastavaa/. Accessed: 10 May 2018.

Larsen, S. 11 September 2012. Poliisihallitus vastasi “juupas-eipäs” joukkorahoituskysymykseen. Senjaopettaa Blog. URL: https://senjaopettaa.fi/2012/09/11/poliisihallitus-vastasi-juupas-eipas-joukkorahoituskysymykseen/. Accessed: 10 May 2018.

Larsen, S. 1 September 2012. Fröken Senjalle lausuntopyyntö poliisihallitukselta. Senjaopettaa Blog. URL: https://senjaopettaa.fi/2012/09/01/joukkorahoitus-lausuntopyynto-poliisihallitus/. Accessed: 24 April 2018.

Massolution 2015. 2015CF Crowdfunding Industry Report. Massolution.com. URL: http://www.econis.eu/PPNSET?PPN=832039446.

Massolution 2013. 2013CF Crowdfunding Industry Report. Massolution.com. S.l. URL: http://reports.crowdsourcing.org/index.php?route=product/product&path=20&product_id=58.

Mesenaatti 2018a. Instructions - Mesenaatti. URL: https://mesenaatti.me/en/info/ohjeet2/. Accessed: 10 May 2018.

Mesenaatti 2018b. Mesenaatti Campaigns. URL: https://mesenaatti.me/campaign/#index/0. Accessed: 28 March 2018.

Ministry of Finance 2016a. Why is the Crowdfunding Act needed?. URL: http://vm.fi/en/article/-/asset_publisher/miksi-tarvitaan-joukkorahoituslaki-. Accessed: 29 April 2018.

Ministry of Finance 2016b. Amounts of funding collected or mediated in Finland through different forms of crowdfunding. URL: http://vm.fi/documents/10623/1985149/Joukkorahoitus+Suomessa%2C+englanti/b0839aaf-8a93-4ceb-986b-b5b17a9c59bd/Joukkorahoitus+Suomessa%2C+englanti.pdf. Accessed: 29 April 2018.

Mollick, E. 2014. The dynamics of crowdfunding: An exploratory study. Journal of Business Venturing, 29, 1, pp. 1-16.

Money Collection Act 255/2006.

Patton, M.Q. 2002. Qualitative research & evaluation methods. 3rd ed. Sage Publications. Thousand Oaks.

Police of Finland 2018. Poliisi - Fundraising permits. URL: https://www.poliisi.fi/licences/gambling_administration_department/fundraising/fundraising_permits. Accessed: 15 March 2018.

Ramos, J. 2014. Crowdfunding and the Role of Managers in Ensuring the Sustainability of Crowdfunding Platforms. Publications Office of the European Union. Luxembourg.

Sale of Goods Act 355/1987.

Savolainen, M. 1 September 2016. 5 main points about the Finnish crowdfunding act. Invesdor Blog. URL: https://home.invesdor.com/en/blog/2016/9/1/5-main-points-about-the-finnish-crowdfunding-act. Accessed: 5 March 2018.

Simons, O. 11 March 2016. Crowdfunding Comte – Positivism. Positivists Blog. URL: http://positivists.org/blog/archives/5959. Accessed: 24 April 2018.

Stegmaier, J. 2015. A crowdfunder's strategy guide: build a better business by building community. 1st ed. Berrett-Koehler Publishers. Oakland.

Stemler, A.R. 2013. The JOBS Act and crowdfunding: Harnessing the power—and money—of the masses. Elsevier Science Ltd. Greenwich.

Strickler, Y., Chen, P. & Adler, C. 20 September 2012. Kickstarter Is Not a Store. Kickstarter Blog. URL: https://www.kickstarter.com/blog/kickstarter-is-not-a-store. Accessed: 15 May 2018.

Suni, P. & Vihriälä, V. 2016. Finland and its Northern Peers in the Great Recession. Elinkeinoelämän tutkimuslaitos. Helsinki. URL: http://pub.etla.fi/ETLA-Raportit-Reports-49.pdf.

Suomen Pankki 2018. Crowdfunding and peer-to-peer lending. URL: https://www.suomenpankki.fi/en/Statistics/crowdfunding/. Accessed: 29 April 2018.

Vänskä, O. 2017. "Reinvented PC" startup Solu goes bankrupt: "We were ahead of Google", claims CEO. URL: https://www.tivi.fi/Kaikki_uutiset/reinvented-pc-startup-solu-goes-bankrupt-we-were-ahead-of-google-claims-ceo-6677485. Accessed: 10 May 2018.

Vardanyan, N. 13 November 2015. Kickstarter vs Indiegogo: which one to choose? The Crowdfunding Formula Blog. URL: https://thecrowdfundingformula.com/2015/11/13/kickstarter-vs-indiegogo-2/. Accessed: 2 May 2018.

Voelker, T.A. & McGlashan, R. 2013. What is Crowdfunding? Bringing the Power of Kickstarter to Your Entrepreneurship Research and Teaching Activities. Small Business Institute Journal, 9, 2, pp. 11.

Vuorensola, T. 8 May 2018. Director. Iron Sky Universe. Interview. Skype.

Web Robots 2018. Kickstarter Datasets. URL: https://webrobots.io/kickstarter-datasets/. Accessed: 24 April 2018.

Wheat, R.E., Wang, Y., Byrnes, J.E. & Ranganathan, J. 2013. Raising money for scientific research through crowdfunding. Trends in ecology & evolution, 28, 2, pp. 71-72.

World Bank 2013. Crowdfunding's Potential for the Developing World. Finance and Private Sector Development Department. Washington. URL: http://hdl.handle.net/10986/17626. Accessed: 14 April 2018.

Yeh, A. 17 December 2015. Indiegogo’s 2015 Year In Review [Infographic]. Indiegogo Blog. URL: https://go.indiegogo.com/blog/2015/12/2015-crowdfunding-infographic-statistics-tech-film-social.html. Accessed: 5 May 2018.

Yeh, A. 6 October 2015. New Research Study: 7 Stats from 100,000 Crowdfunding Campaigns. Indiegogo Blog. URL: https://go.indiegogo.com/blog/2015/10/crowdfunding-statistics-trends-infographic.html. Accessed: 15 April 2018.

Ziegler, T., Shneor, R., Garvey, K., Wenzlaff, K., Yerolemou, N., Rui, H. & Zhang, B. 2018. Expanding Horizons: The 3rd European Alternative Finance Industry Report. University of Cambridge. URL: https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2018-ccaf-exp-horizons.pdf.

Appendices

Appendix 1. Overlay Matrix of the Thesis

Investigative question	Theoretical Framework*	Research Methods	Results (chapter)
IQ 1. What are the key features offered by different crowd-funding platforms?	Chapter 2	Desktop research, thematic analysis of website contents	Chapter 2.5, appendix 2
IQ 2. What legal issues do different crowdfunding platforms entail for Finnish SME's	Finnish legislation (Consumer Protection Act, Crowdfunding Act etc.)	Desktop research / qualitative interview	Chapter 3.1
IQ 3. What are most important things to consider when planning and running a reward-based crowdfunding campaign?	Chapter 4	Desktop research, qualitative interview, quantitative analysis of Kickstarter data	Chapter 5
IQ 4: What recommendations for a successful campaign can be given to the case company based on the findings?	Research done previously for IQ's 1, 2 and 3.	Evaluation of the whole research process	Chapter 6

Appendix 2. Comparison of crowdfunding platforms examined in the thesis

Feature	Kickstarter	Indiegogo	Mesenaatti
Founded	2009	2008	2012, launched 2013
Funding model	All-or-nothing	All-or-nothing, flexible funding	All-or-nothing
Pledge	Soft pledge, only charged if campaign is successful	Hard pledge, charge goes through immediately upon pledging.	Hard pledge, charge goes through immediately
Types of campaigns	Only for new creative projects	Everything that isn't illegal	Only projects that have a start and an ending, ie. to publish a book, not to finance a writing career
Most successful categories	Games, Design and Technology by total dollars funded, Dance, Theater and Comics by success rate	Design, Technology	Culture, Society and Publication by euros funded, Games, Charity and Publication by success rate. Culture by far biggest category by number of campaigns
Platform structure	Not a store, but a "way for creators and audiences to work together to make things"	Works as a store, has introduced a Shipping now button, can leave option to buy products after campaign ends via InDemand feature	
Project origin country	Can't list a campaign from Finland. 22 listed countries only	Can list a campaign from Finland, as well as almost anywhere else in the World	Nordic countries, main focus in Finland
Platform fee	5% + 3-5% payment handling fee	5% + (3% + 30 cent) payment handling fee	7% + 3% payment handling fee
Size of existing backers	14,393,552 total backers, 4,659,088 repeat backers as of 28.3.2018 (Kickstarter 2018)	2,5 million backers in 2015 (Kickstarter 2018)	Unknown.
Refund policy	Not charged until campaign fully funded. Can cancel pledge before that, or request refund within 14 days of the funding	Can request for refund before the campaign ends. 10-day window to get refunded from InDemand purchases. Unsuccessful all-or-nothing pledges refunded automatically.	If campaign doesn't fund successfully, backers will get back their pledge amount within 14 days.
Notes	Largest Crowdfunding platform in the World. Does not offer same level of support to creators as Indiegogo. Attracts a higher number of pledges due to its project quality focus. Media loves Kickstarter	Supports creators with design, prototyping and manufacturing partners, fulfillment and retail partners, as well as personalized support. Better for testing market, friendlier towards early business ideas than Kickstarter.	Only a small platform, relevant in Finland only. Small, local audience. Good for community projects in Finland. Parties with fundraising permit can raise donations via the platform without having rewards

Appendix 3. Qualitative thematic analysis codes and themes

Code	Theme
Expectation	Unrealistic expectations False feeling that crowdfunding is simple and easy
Preparation	Preparation can make or break the campaign Launching too early will cost in backers
Experience	Start small, gain experience curve
Leads	Leads should be collected early Wrong types of leads (cold)
Community	Lack of community building/nurturing Community is key in successful crowdfunding
Social media	Inactive in social media (biggest channel for CF campaigns) Rely to organic social media shares too much Detailed target audiences are best value
Media	No preparation for media Media not interested
Promotion	Low commitment to promotion Wasting money and resources to inefficient marketing Rely on organic growth from the platform You only need to succeed once A/B testing underused
Goal	Unrealistic campaign goals