Chapter 8
How to Launch a Successful Crowdfunding Campaign

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ABSTRACT

This chapter provides insights into the important characteristics of a successful crowdfunding campaign. It starts with providing the fundamentals of crowdfunding and shows the reasons why it is important to find the right target groups and communities for a campaign. It describes in details the Return on Involvement model, what the funders want in return for their support. In the second part the additional results of crowdfunding are discussed, such as market research, marketing, brand loyalty and the possibility to use crowdfunding to raise additional funding. The last part of this chapter will focus on the background of setting up and running a successful campaign.

INTRODUCTION

Why are some campaigns very successful and do they raise millions of euros and have other campaigns huge problems to get their first investors? What are the secret ingredients of a successful campaign? In the chapter will we look into the do's and don'ts of launching a campaign. This will involve a good planning and preparation, finding the right community that will fund, creating a good pitch and finding the rewards that will convince people to support a campaigns.

CROWDFUNDING = COMMUNITY FUNDING

The investors in a crowdfunding campaign are not an anonymous crowd of people that will automatically find a crowdfunding campaign and will support a campaign they find online and like. The majority of the funders are people that know the entrepreneur of project in advance, or get introduced at the campaign by someone who knows the. Therefore, it is important for a successful crowdfunding campaign to think about the communities that will be interested in the campaign and find out how to reach them.

Find Your Communities

Every person and every organization has access to communities. Sometimes these are their own clients that are able to support the financing needs of the company, but it can also be business partners, current stakeholders of the organization, people from your own village or sport club up to friends & family and employees.

When the potential communities are identified, it is important to find the best way to reach out to them. Some communities are already grouped and can be easily reached through social media or on weekly/monthly regular meetings, but for other people it can be more difficult to contact them. For all of them it is important to identify some of the strongest connections in these networks. You can contact them in a later stage and try to convince them to help you promote your campaign in the community you are both part of.

Return on Involvement (ROI)

The strength of crowdfunding is the trust people have in the entrepreneurs running the campaign. They will not just financially support a campaign, but want to get involved in the process of making the project or company a success. This involvement is very important for all people supporting a crowdfunding campaign. But what do they want in return? What is the Return on Involvement of their participation in a crowdfunding campaign.

While launching the crowdfunding campaign it is very important to focus on the potential donors/investors and their expectations. The investors are strongly connected and involved in the projects they support, but the return they are interested in is very different. Some of them are interested in a social return, some want to have a material return (products/services) and some are more interested to support crowdfunding campaigns to have a financial return.

For campaigners it is very important to know your community and your community members and know what kind of return they are interested in and define returns bases on these expectations.

Social Return

People who are interested in a social return, only want to be recognized as donors and want to have a good feeling about the cause they supported. These kind of campaigns are normally launched by non-profit organizations that are able to focus on project based fundraising. These are typically the donation-based campaigns that are in line with the other type of fundraising activities of NGOs. This can be successful for some campaigns, but the average donation is rather small. In the fundraising world it is commonly know that providing tangible and unique reward to major donors, helps attracting higher amount of donations. This can also be applied to crowdfunding by offering small rewards in return.

When a project owner is offering small rewards, valued (much) lower than the price the crowdfunders are paying, this is called reward-based crowdfunding. These are campaigns where the project owner is offering for example a meet-and-greet with an artist or a VIP-dinner with the founders of a company or a public figure that will costs the project owner not much, but is worth a lot for the crowdfunders. For project owners it is important to look for people and companies in their network that are able to provide these products or services for them for free or for a large discount.

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