

# Chapter 4

## Crowdfunding: A New Type of Solidarity for the Digital Era

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### ABSTRACT

*Thanks to the spread of internet technologies, there has recently been a significant upsurge of innovative forms of human cooperation. In an ecosystem characterized by unsteadiness and parceled relations, crowdfunding has quickly become one of the most popular expression of the new wave of the sharing economy philosophies. Although it is undeniable that the success of crowdfunding has increased during a dramatic financial period, characterized by a wide-ranging credit crunch, we can't interpret this phenomenon just as a fade or as a side effect of the economic crisis. However, through a multidisciplinary approach of analysis and through a qualitative explorative research it will be possible to observe what type of solidarity this system is currently promoting.*

### INTRODUCTION

Thanks to the spread of Internet technologies, there has recently been a significant upsurge of innovative forms of human cooperation. In an ecosystem characterized by unsteadiness and parceled relations, crowdfunding has quickly become one of the most popular expressions of the new wave of the sharing economy philosophies. Essentially, this alternative financing model allows people with a creative idea to pitch their project on some specific web platforms, launch an internet campaign

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## **Crowdfunding**

and potentially receive a large number of micro donations without the mediation of traditional credit institutions (Schwienbacher, Larralde, 2010). From 2008, platforms like Kickstarter and Indiegogo - two of the most famous web sites for *reward based crowdfunding* – have promoted a grant model that permits to a person or group in need of money to speed up the funding process by cutting a whole string of intermediaries. These platforms have popularized a model focalized on the backers, who can decide freely how much capital they want to invest, without the promise of any actual profits.

*The basic idea is always the same: instead of raising the money from a very small group of sophisticated investors, entrepreneurs try to obtain it from a large audience, where each individual will provide a very small amount.*

*(Belleflamme; Lambert; Schwienbacher, 2010, p.1)*

Like several internet services launched with the advent of the Web 2.0, even crowdfunding plays with the idea that consumers ought not to be considered as passive, instead they should be perceived as *inter-actors* (Epifani, 2007). This change of paradigm was a central turning point that has inspired the growth of multiples ventures founded on ideals of shared knowledge and collective participation (Cometto; Piol, 2013). As Francesca Comunello (2010) asserts: from the blog to the advent of the Social Network Sites, the most popular applications are the one that as a central element have the users, who can now unceasingly appropriate and influence the symbolic material provided by the media system. Thus, digital media, compared to their predecessors, appear to be more horizontal, and potentially seem to have all the features able to trigger users' participation. While observing these phenomena, the scholar Henry Jenkins (2006) has introduced the concept of *participatory culture*, in which he proposes to overcome the dualism between producers and consumers, Nowadays, these two worlds collide in an incessant collective creative process.

Consequently, the first analysts of crowdfunding were very keen on decant the disruptive potential of this system because of its ability of connecting creatives with their audience well before the project is realized.

By observing the evolution of crowdfunding, it is undeniable that this financing model has founded his initial success on the perception that it could give an actual and concrete alternative to the general credit crunch that has invested the global economy in the years after crisis of 2008. Though, it's fallacious to interpret this phenomenon just as a side effect of the crisis, in fact, crowdfunding has now become mature enough to play an increasingly important role in the capital market (Gerber; Hui; Kuo 2012; Marakkath; Attuel-Mendes, 2015).

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