

Crowdfunding campaigns analysis

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Introduction

Over the last decade crowdfunding platforms have emerged as one of the main sources of funding for a variety of enterprises: from startups preparing to enter the market to the theatres with centuries of history. The type of funding received is mostly defined by the business needs and the preferences of the campaign initiators. In general, most crowdfunding campaigns are based on equity sharing, donations and rewards. The number of the platforms offering the crowdfunding opportunities for businesses and individuals is large with Seedrs, Kickstarter, Indiegogo, Crowdcube and Companisto being among the most popular ones.

The success of the crowdfunding campaign relies on the multiple factors ranging from the potential of the project to succeed (achieve the announced goal) and the appeal to certain investors/backers to the marketing strategy and website page layout and content. For the purposes of this project, the success of the campaign referred to the achieving of the established funding goal. While the setting of the funding goal itself is considered to be an endogenous process, the associated limitations were omitted and assumed to be negligible. The aim of this capstone project was to extrapolate and assess the main factors, which facilitate the success of the campaign and identify the best practices for crowdfunding campaigns in the areas of interest.

The scope of the project

The scope of the project covered the crowdfunding campaign delivery nuances, platform-level features and promotions and the assessment of the new trends in campaign marketing. The prevailing analysis for the first component of the project – delivery methodology – examined the implicit rules of the structure and the content of the pitch and how investors/backers react to certain marketing tools. This part of the project employed several approaches, including the literature review of the existing academic articles on the investor behavior and empirical studies related to the sentiment analysis of the campaign wordings, review of the crowdfunding campaigns in open access and press search. The examination of equity and donations-based crowdfunding campaigns facilitated the formulation of the several propositions.

The first proposition stated the main objective of the crowdfunding campaign is to signal the value to the investor either via the high chances of the success or any deliverable impact to the backer or other stakeholders. The information gathered from the secondary sources has shown that the disclosure information and risk correlated with the success of the campaign, while the redundancy of the text and images might repel some investors. Thus, the project sought to identify which features narrow down the

information asymmetry between the investors/backers and campaign initiators. One of the main findings in this section was that the investors are more likely to proceed with the project if their attention is immediately grasped with comprehensive and detailed highlights/overview section.

Another point of analysis is the use of visuals and video content, which has been shown to influence how well the potential investors/backers get the understanding of the business model of the startup or the purpose behind a particular event seeking funding. In this context, it is significant to outline the role of the proper introduction of the team (management), which is responsible for the event/company in consideration. This signal is assumed to prevail over other signals and can compensate for the lack of the proper presentation of either textual or visual content or both. The last analyzed component - the scale of the platform, which is largely characterized by the number of the campaigns, is assumed to shape the volume of the campaign-related information disclosed to the investors. Those might include the pitch decks, team members or financials.

Moving from the technical nuances of campaign presentation, the platform-level features and promotions were next in line to cover. The project aimed to identify any strategic moves made by the established crowdfunding players, which fostered the success of the launched campaigns. The findings were presented in the form of the case studies, which emphasized the role of partnerships with financial institutions and advisory companies in attracting relevant investors and startups, which are likely to launch the campaign on the platform.

Additionally, the project aimed to analyze the use of the influencer marketing in the crowdfunding campaigns and has outlined several template campaigns launched by theatres which involved the support from certain celebrities. While the impact of the influencer's participation seemed to be evident, it has proven to be out of scope of this project to quantify this effect.

The last part of the project examined the donation-based crowdfunding campaigns launched by the art galleries and art festival organizers. One of the main differentiations in this are is the funding goal, which shapes the campaign strategy. Campaigns aiming to raise several thousand euros managed to raise funding without commitment to high-value perks and extensive social media promotion. At the same time, most of the campaigns aiming to raise large sums had to use the rewards system efficiently and deal with the trade-off between the cost of the perks and attracting investors, which were ready to donate large amounts. For this section, the checklist on the campaign features and key recommendations have been formulated.

Overall, the crowdfunding campaign analysis presented in this project has delivered the major recommendations on the campaign construction and the presentation. The dataset of the reviewed campaigns across different platforms was presented in a separate Excel file.