



Crowd Funding: The Latest Fashion in Fundraising?



What is crowdfunding?

Getting money from a crowd of people – thermometer outside the church has now become a digital platform, capable of integration with social media.

Crowd wisdom – the more popular projects get the funding – projects need to be crowd-pleasers to succeed!

People gain a sense of involvement, ownership, community from contributing to a crowdfunding project. Often they also receive a tangible reward in exchange for their donation.

Digital platforms increasingly spread via networks of like-minded individuals on social media sites. Potential for social media advertising also for a wider reach.

MA Article, Crowdfunding tipped as growth area for 2015 Rebecca Atkinson, 03.12.14 <http://www.museumsassociation.org/museum-practice/new-practice/02122014-crowdfunding-tipped-as-growth-area-in-2015>:

“The [Digital R&D Fund] report found that crowdfunding is the activity most likely to grow next year, with 18% of those surveyed already using digital platforms and 21% expecting to start in 2015. Smaller organisations are particularly interested in crowdfunding to get projects off the ground, with 45% expecting to start in the next 12 months.”

Digital R&D Fund report: [Digital Culture 2014: How arts and cultural organisations in England use technology](http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Research-Report1.pdf) <http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Research-Report1.pdf>

A growing trend

- Digital technologies are becoming more important for generating new revenue streams
- More organisations are using data for audience engagement and fundraising
- The fastest changing area is donations and fundraising, where 15% of organisations report that digital is having a major positive impact, up from 10% a year ago.

Source: [Digital Culture 2014: How arts and cultural organisations in England use technology](#)



Quoted from Digital R&D Fund report Digital Culture 2014: How arts and cultural organisations in England use technology

<http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Research-Report1.pdf>

- In 2013, 34% of respondents said that digital technology was important or essential to business models. In 2014 this figure has risen to more than half (51%).
- These organisations are more likely to undertake revenue-generating digital activities, such as accepting online donations (63% compared with an arts and culture average of 38%) and crowdfunding (28% compared with 18%).
- They also exhibit signs of digital confidence more generally, in that they carry out a wider range of digital activities (an average of 12 compared with 10 for the sector as a whole), and are much less likely to report lack of in-house confidence as a barrier to their digital aspirations (15% report this compared with 25% in the sample as a whole).
- Small organisations report benefitting just as much as large organisations in these areas, possibly reflecting low barriers to entry for online tools and platforms such as ticketing and crowdfunding.

The Future

The three activities most likely to grow in the next year all relate to alternative revenue streams:

1. 21% intend to start crowdfunding (18% are already using it)
2. 19% plan to start accepting online donations (39% are currently doing so)
3. 16% expect to be selling products or merchandise online for the first time (38% do so currently).



Quoted from **Digital Culture 2014: How arts and cultural organisations in England use technology** <http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Research-Report1.pdf>

Also the accompanying fact sheets for museums (<http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Fact-sheet-Museums.pdf>) and galleries (<http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Fact-sheet-Galleries.pdf>)

The figures quoted are for arts and cultural organisations as a whole.

Museums are on a par with others in terms of online donations and online sales, but they are significantly behind where crowdfunding is concerned

Galleries – 13% currently crowdfunding, 26% intend to start in 2015

The Future

The three activities most likely to grow in the next year all relate to alternative revenue streams:

1. 21% intend to start crowdfunding (18% are already using it)

Only 3% of museums are
already using crowdfunding
12% intend to start in 2015



Quoted from Digital Culture 2014: How arts and cultural organisations in England use technology <http://artsdigitalrnd.org.uk/wp-content/uploads/2014/12/Digital-Culture-2014-Research-Report1.pdf>

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How does it work?

First online crowdfunding projects raised money to make films and record music. Now being used for a range of different projects including product development.

Plan a campaign to raise money for a specific project – conservation, acquisition, exhibition. Campaigns usually run for a short time – max 4 months.

There are different models, but usually projects are ‘all or nothing’ – you get all of the money if you hit your target. If you don’t reach the target, your funders get their money back.

Campaigns can be run on a straightforward donations basis, sometimes the money is a loan and sometimes it is given in return for equity/a share in the project, but within the arts sector the most popular model seems to be reward-based – funders receive a small reward in return for their donation. Rewards grow bigger and more exclusive in return for larger donations, which can be an effective way of motivating people to increase their donation to the next level.

Cost of rewards and cost of promoting your campaign are something you need to factor in to your project costing and crowdfunding target, as are the commission and transaction fees charged by the crowdfunding platform – research needed before choosing which platform to use.

*****NB SHARED Enterprise does not endorse or recommend any particular crowdfunding platform. This is not a comprehensive or exhaustive list of online giving providers. Before choosing to use any crowdfunding platform, careful research should be undertaken to inform your decision.*****

Choosing a Platform

RESEARCH!



Do they specialise in funding arts / heritage?

How much do they charge?

How easy is it to make a donation?

How do you apply / set up a page?

What advice / support can they offer you?

What is the success rate of previous projects?



Click the logo to link to CrowdingIn website – search engine and useful articles from Nesta

Planning a Campaign

- How much do you need to raise?
(Remember to build in enough to cover the charges and cost of rewards, including postage)
- Talk to your chosen platform providers
- Plan your donation points and rewards
- Plan your publicity campaign – press, posters, website, social media, direct mail

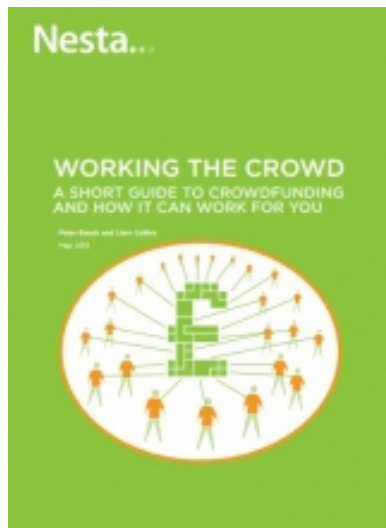


Communicating with the Crowd

- Tell a compelling story
- Encouraging initial click-through
- Thank you messages
- Progress updates
- Key milestones
- Final outcome
- Future project updates



Further Information



Download here:

http://www.nesta.org.uk/sites/default/files/working_the_crowd.pdf



Nesta's 10 ½ Crowdfunding Tips

1. Budget



- Before you think about launching a crowdfunding campaign, make sure you have a realistic budget in place.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

1. Budget

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/budget#sthash.NThr2rwq.dpuf>

Nesta's 10 ½ Crowdfunding Tips

2. Choose the best platform for your campaign

- Before you launch your campaign, think carefully about which platform will be best suited for what you are trying to achieve, and will help you best reach the investors for this.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

2. Platforms

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/platforms#sthash.k5h08xxF.dpuf>

Nesta's 10 ½ Crowdfunding Tips



1. Clarity and transparency

- Be clear about what you are trying to achieve and how the money you raise will be used.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

3. Clarity and transparency

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/clarity-and-transparency#sthash.Q4K5LFu9.dpuf>

Nesta's 10 ½ Crowdfunding Tips



4. Tell a compelling story

- Make a short and engaging video pitch that outlines your plans.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

4. Tell a compelling story

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/tell-compelling-story#sthash.vLBillRx.dpuf>

Nesta's 10 ½ Crowdfunding Tips



5. Pre-launch

- Get potential funders interested long before you launch your fundraising campaign.



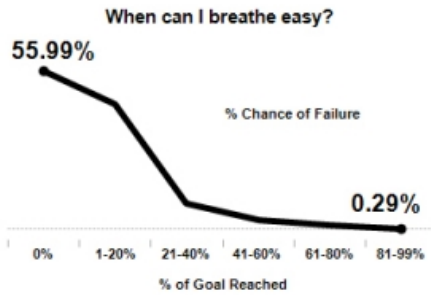
See <http://www.nesta.org.uk/news/crowdfunding-tips>

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See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/pre-launch#sthash.1CMRrigZ.dpuf>

Nesta's 10 ½ Crowdfunding Tips

6. Segment funders



- Get your core community of backers to donate early on to demonstrate momentum to other potential backers.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

6. Segment funders

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/segment-funders#sthash.9dM1dWaL.dpuf>

Nesta's 10 ½ Crowdfunding Tips



7. Market and target

- Use mail outs, blogs and social media to spread the word about your campaign.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

7. Market and target

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/market-and-target#sthash.2Y01wLm3.dpuf>

Nesta's 10 ½ Crowdfunding Tips

8. Get your rewards right



- The right rewards can make or break a campaign. Ensure you offer different and engaging rewards that are suitably priced.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

8. Get your rewards right

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/make-most-out-size-pledges#sthash.dWMdB9I4.dpuf>

Nesta's 10 ½ Crowdfunding Tips

9. Use stretch targets



- Break your funding goal into multiple targets to gauge appetite from your backers for different variations of the project and increase the total amount you can raise.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

9. Stretch targets

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/stretch-targets#sthash.JJFR4JmN.dpuf>

Nesta's 10 ½ Crowdfunding Tips



9. Use stretch targets

- Keep engaging and communicating with your funders when progress is going well, but also when it is not.



See <http://www.nesta.org.uk/news/crowdfunding-tips>

10. Communicate with your backers

See more at: <http://www.nesta.org.uk/news/crowdfunding-tips/keep-engaging-and-communicating#sthash.kbJA3CAQ.dpuf>

Nesta's 10 ½ Crowdfunding Tips

10 ½. Learn from other campaigns

- Before, during and after your fundraising there will be lots of easy wins for your campaign in copying what has already worked for others.



See <http://www.nesta.org.uk/news/crowdfunding-tips>