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# THE NEXT GENERATION OF CREATIVE CROWDFUNDING PHASE 1

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MAY 2018

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WITH SUPPORT FROM



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## INTRODUCTION

Increasingly, individuals, young organisations and even established companies are turning to crowdfunding as a means to support product launches and the development of new ideas. For smaller creators, crowdfunding can be the difference between a project happening or not.

As competition for funding increases and available funds shrink, crowdfunding is becoming a viable way to generate the early-days financial boost projects need to get up and running.

In this report, we introduce the main crowdfunding models for the creative industries and explain their potential uses. We discuss specific crowdfunding platforms, paying close attention to the criteria, audiences and success rates of each. By delving into specific campaign examples from each art form we identify key creators to follow up with and, finally, we give an overview of support currently available for creatives considering or preparing a crowdfunding campaign.

## BACKGROUND TO THIS REPORT

The Creative Industries Team at Creative Scotland have been exploring alternative sources of finance for creative practitioners and businesses as a key outcome of the organisation's Creative Industries Strategy (published in 2016).

Paved With Gold were commissioned to produce this report and look at how Creative Scotland could further develop its understanding of crowdfunding as a means of helping creative businesses access sources of finance.

## **WHAT IS CROWDFUNDING?**

Crowdfunding is the funding of a project or idea by accumulating individual financial contributions from a large number of people. Each person might contribute a relatively small amount.

Since 2000, a variety of different crowdfunding-type websites have appeared. Awareness of the crowdfunding concept increased with the launch of Indiegogo in 2008 and Kickstarter the following year. Interestingly though, artist Marillion raised \$60,000 (US) from fans to finance their US tour in 1997.

While models and platforms are different, crowdfunding campaigns share some common traits. Generally, campaigns feature (i) an introduction to the creator and their idea, (ii) a campaign video that explains the project and (iii) a set funding goal amount.

## **KEY DEFINITIONS**

Throughout the document we repeat some crowdfunding terms:

- Platform - the crowdfunding website
- Creator - the creative with an idea/a product to fund
- Backer - the individual giving money to a campaign
- Project - the idea/the product being funded
- Campaign - the duration of crowdfunding
- Pledge - the amount of money given by the backer
- Reward - the gift offered by the creator to the backer in exchange for a cash pledge

## 02

# CROWDFUNDING MODELS

There are several crowdfunding models, each with its advantages and drawbacks. In this section, we explore these different models and provide an overview of their respective pros and cons.

## REWARD CROWDFUNDING

Reward crowdfunding is the most evolved and most straightforward of all the crowdfunding models. In return for cash pledges, the business, nonprofit or individual (creator) offers a reward, usually directly related to the project. With reward-based crowdfunding, the creator retains 100% ownership of their project.

These campaigns have a set duration, usually between one and 60 days, although campaign duration varies between platforms. More often than not specially created promotional videos help prospective backers to understand and get excited about the project.

In return for backing a project, backers receive rewards proportionate to the amount they pledge. These rewards vary from project to project and are set by the creator. A fashion designer might reward everyone who pledges £100 or more with a sample design, whereas a theatre producer might offer access to exclusive previews. Rewards do not necessarily need to be substantial. For instance, some creators offer rewards like named credits in a programme or a personal handwritten 'thank you' note.

Creators pay a platform fee and transaction processing fee, typically between 5% to 12% of funds raised. These

sums are deducted if and when the project is successfully fully funded.

#### PROS OF REWARD CROWDFUNDING

- It can be done with little expense as platform fees are calculated based on the money raised.
- Rewards are set by creators for maximum benefit.
- No evidence required that the project is sustainable; can be a one-off.
- The process is simple; no need to hire professional financial or legal counsel.
- Creators retain 100% ownership of their idea/their company.
- Exposure gained on the platform helps establish a customer base and raises brand awareness.
- Feedback from backers is valuable for future product development.
- Market validation with people pledging their own money.

#### CONS OF REWARD CROWDFUNDING

- It can be difficult to be successful if creators do not have an existing community - or are unable to reach out to one.
- Depending on the platform, funds raised may be forfeited if the funding goal is not reached.
- It can be incredibly exposing, both from a legal and personal point of view, if the creator does not reach their intended funding goal.
- Rewards-based crowdfunding works well when aimed at consumers, but is a tricky model for projects lacking wide appeal.

- Overly technical or complex ideas can be difficult to pitch.

Kickstarter + Indiegogo are two of the biggest sites that facilitate reward-based crowdfunding. The highest goal amount reached on Kickstarter is \$20.3 million (US) and on Indiegogo; \$13.3 million (US). Average funds raised are much lower.

## SUBSCRIPTION CROWDFUNDING

Subscription-based crowdfunding enables creators to establish longer term financial support for their project. Where, perhaps, the project itself is ongoing or does not have one single 'delivery' date, this model is particularly appealing.

Subscription-based crowdfunding allows the creator to collect small incremental donations from an existing community. Primarily setup to support artists and creatives, there is one main platform that supports this type of fundraising; Patreon. (Note: At the time of writing Kickstarter announced the launch of its own subscription crowdfunding platform, Drip.)

TechCrunch describes Patreon as a "content membership card for the whole web"<sup>1</sup>. Patreon doesn't focus on one-time projects but instead raises funds, long-term, for projects that involve recurring creations, like issues of a magazine or episodes of a podcast.

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<sup>1</sup> TechCrunch (2017). Patreon's API unlocks rewards across the web for art funders <https://techcrunch.com/2017/10/25/facebook-connect-for-art-patronage/>

Similar to reward-based crowdfunding, creators provide different reward levels and gifts for their long-term supporters. These are usually directly related to the work they are producing - things like exclusive access to content, for example.

#### PROS OF SUBSCRIPTION CROWDFUNDING

- Focussed on supporting artists and creators long term - not about a funding a one-off product.
- Ongoing subscription instead of one single pledge.
- Platform populated with creative people that might want to support other creative campaigns.
- Because the creator needs to deliver regular rewards to their patrons, they are motivated to make and share their progress.
- This is a developing model and a young platform so getting in early could be advantageous.
- Artists get paid for work that isn't completed.

#### CONS OF SUBSCRIPTION CROWDFUNDING

- Still relatively new and unexplored territory.
- Creators need to have an existing audience they can bring to Patreon.



- The Patreon site isn't easily searchable. Projects are difficult to find.
- Payment processing can be slow and it is the responsibility of the creator to follow up on bounced payments with their patrons.
- Because projects are ongoing, there is no sense of urgency to mobilise patrons.

## EQUITY CROWDFUNDING

Equity crowdfunding is the most complex crowdfunding model. It is generally used to fund early stage businesses. Creators must demonstrate that their project is viable and sustainable then, in return for investment, they give up a percentage share of their company.

It is important to note that companies already listed on the stock market are not eligible for equity crowdfunding. Because laws around this model differ from country to country, investment is generally confined to national level and potential audience size can be limited as a result.

As is the case with the reward-based crowdfunding model, creators of equity funding campaigns tend to produce showcase videos to present and sell their ideas and some platforms encourage creators to attach special rewards to each investment tier.

However, unlike creators of rewards-based campaigns, creators of equity crowdfunding projects must show

evidence of their growth potential and convince investors that the project will be financially successful.

#### PROS OF EQUITY CROWDFUNDING

- Investors can become advisers on the project, offering expertise and advice to bolster its success.
- Potential to raise much higher sums of money than with other crowdfunding methods.
- The creator needn't have capital up-front to support their campaign, or make a product.

#### CONS OF EQUITY CROWDFUNDING

- The creator is required to give up some ownership of their company.
- Takes preparation and effort to pitch to potential investors. A lot of work happens off-platform in one-to-one conversations.
- Higher legal costs.
- Fees are applicable but usually around the same 5-10% rate as reward crowdfunding platforms.
- Due to financial promotion regulation, it is more difficult to mobilise press and community.

Two pertinent platforms leading the way in equity crowdfunding in the UK are Crowdcube and Seedrs. The highest goal amount reached on Crowdcube is £8 million and on Seedrs; £3.95 million<sup>2</sup>.

## DONATION CROWDFUNDING

Donation crowdfunding is a simple model whereby supporters make financial contributions to a project. Creators don't need to offer rewards but some platforms do provide a rewards option.

Platforms facilitating this crowdfunding model tend to be quite mixed and crowded with charitable causes and community projects. It can be difficult to make a project stand out.

### PROS OF DONATION CROWDFUNDING

- Easy for creators to set up campaigns, very low barriers to entry.
- Simple processes make it easy for backers to support the project.
- The creator doesn't need to give away shares of their idea or company.

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<sup>2</sup> Forbes (2016). Crowdcube Pulls Off UK's Largest Ever Equity Crowdfunding  
<https://www.forbes.com/sites/davidprosser/2016/08/17/crowdcube-pulls-off-uks-largest-ever-equity-crowdfunding/#7f8ca2823f9f>

## CONS OF DONATION CROWDFUNDING

- Creators need to have an existing audience that they can direct to their campaign.
- Very unlikely to raise large amounts.
- A lot of noise on the platforms, a multitude of campaigns launched every day.
- More suited to individuals and charitable organisations than businesses.
- No brand building value.

GoFundMe and Just Giving are two of the most popular donation crowdfunding platforms in the UK. The largest donation-based crowdfunding campaigns tend to raise money for victims of disasters, however, platforms are also used for smaller relevant campaigns, which we'll discuss further in the next section.

## 03

# CROWDFUNDING PLATFORMS

There is an abundance of platforms facilitating crowdfunding campaigns and providing creators with opportunities to fundraise with the crowd. Many platforms are art form specific while the other, larger platforms, support a wide variety of project categories.

In this section, we look at each platform and provide an overview of their criteria.

## GENERAL PLATFORMS

First, let's look to the main platforms that support all, or multiple, art forms.

### KICKSTARTER

Kickstarter is a rewards-based crowdfunding platform that operates on an 'all-or-nothing' basis, meaning that if the funding target isn't reached by the end of the campaign, the creator will not receive any money from their backers\*.

Kickstarter is one of the largest crowdfunding platforms. Since it launched in 2009, over 10 million people have backed a project on the site, with over 4 million of them returning to back other projects. Kickstarter has seen nearly 400,000 projects launched on the platform, raising \$3.5 million (US). Not every campaign is a success story, but Kickstarter does boast a 36% success rate, higher than any other platform. It is interesting to note, however, that 14% of projects don't receive a single pledge.

Creators using the Kickstarter platform choose to add their project to one of 15 different categories; Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology or Theatre. The categories with the highest volume of successful campaigns are Music, Film & Video and Games.

The Kickstarter audience is predominantly male (70%). Backers come from almost every country in the world but the majority are based in the USA (40%) and the UK (30%). This is something for the creator to consider when setting up a campaign.

Kickstarter promotes projects editorially and its algorithm selects projects that will naturally float to the top of the search. The Kickstarter team picks 'Projects We Love' and curates exciting projects to feature in category-specific newsletters. The algorithm also identifies projects that have had a consistently strong stream of backers during the course of their campaign. These are surfaced in search and on the front page of Kickstarter.

The creator sets the duration of their campaign; anywhere between 1 and 60 days. However, Kickstarter recommends running a campaign for 30 days or less because in-house research shows that shorter campaigns have a higher success rate.

In terms of fees, the creator pays Kickstarter a fee of 5% and payment processing charges can be between 3% and 5% of the total funding amount.

\*In the event that the funding goal is not reached and pledges are forfeited, creators may decide to use their Kickstarter mailing list to secure pre-orders and manage them like a smaller version of their original campaign.

**KICKSTARTER MAY BE SUITABLE FOR:**

**DANCE  
THEATRE  
VISUAL ARTS  
CRAFTS**

**LITERATURE  
FASHION  
MUSIC  
DESIGN**

**PATREON**

Patreon is a subscription-based crowdfunding platform. It is explicitly aimed at creatives and helps individuals and collectives fund ongoing work and projects. Patreon has a strong community ethos. It is built around the idea of sharing in that creators share their artistic processes and creative work with their audience.

Creators can set up Patreon campaigns in one of two ways. The first option, 'Per Thing' enables the creator to receive payments from patrons for each piece of work as it is created and shared with the Patreon community. The second option, 'Per Month' enables them to receive payment from patrons on an ongoing monthly basis, ensuring continuous funding throughout the duration of a project or prolonged period of making.

Creators will often have to share insights into their work as they progress. A successful Patreon campaign relies on the creator having an existing audience to engage.

Patreon has over 1 million active monthly paying patrons and over 50,000 active creators. It does not provide details of inactive or 'failed' campaigns. In 2016, just 35 creators raised over \$150,000 (US). Fewer than 20 raised over \$250,000 (US)<sup>3</sup>.

Creators campaigning on the Patreon platform choose to add their project to one of 14 categories; Video & Film, Comics, Podcasts, Comedy, Crafts & DIY, Music, Drawing & Painting, Games, Science, Dance & Theater [sic], Writing, Animation, Photography and Education.

The Patreon audience is heavily male and aged between 18 and 34. 36% of the audience is based in the USA.

Patreon does not currently have the strong editorial structure that Kickstarter and Indiegogo do. Neither does it have the same scope to surface work by smaller creators. The search facility isn't as sophisticated as other sites; while it does have search categories, the preview doesn't offer much information about creators. Patreon does feature selected projects in its newsletter but these projects tend to be picked based upon their previous or ongoing successes.

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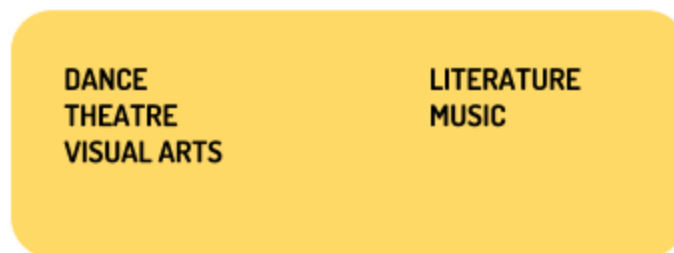
<sup>3</sup> TechCrunch (2017) Patreon doubles in a year to 1M paying patrons and 50K creators, <https://techcrunch.com/2017/05/18/patreon-pushes-as-youtube-stutters/>



Unlike on other platforms, creators crowdfunding via Patreon can accept payments from patrons and fund their projects indefinitely. There is no defined campaign 'end'.

Patreon campaigns are free to set up but 5% of each successfully processed payment is returned to the platform.

**PATREON MAY BE SUITABLE FOR:**



**INDIEGOGO**

Indiegogo is a rewards-based crowdfunding platform. Creators choose to run either an 'all-or-nothing' campaign whereby they forfeit all pledges received if they do not reach their funding target - or they can opt to run a 'flexible funding' campaign and receive all pledges regardless of whether the full funding target is reached. Indiegogo also offers a follow-on service for successful crowdfunding campaigns that allows creators to continue to raise funds or gather pre-orders.

Launched in 2008, Indiegogo is one of the first crowdfunding platforms. Over the last 10 years, 11 million backers have donated to over 650,000 projects, raising over \$950 million (US).<sup>4</sup> The barrier to entry on Indiegogo is much lower than on Kickstarter in that there are fewer

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<sup>4</sup> CrowdcruX (2016) Kickstarter vs Indiegogo <https://www.crowdcruX.com/kickstarter-vs-indiegogo-2016/>

restrictions placed on creators and projects. However, campaigns on Indiegogo have a much lower success rate than on Kickstarter, with only 9% of projects succeeding.

Indiegogo is divided into three main areas; *Design and Technology*, *Creative Works* and *Community Projects*. It is then further divided into 30 categories; Audio, Camera Gear, Energy & Green Tech, Fashion & Wearable, Food & Beverage, Health & Fitness, Home, Phones & Accessories, Productivity, Transportation, Travel & Outdoors, Art, Comics, Dance & Theater [sic], Film, Music, Photography, Podcasts & Blogs, Tabletop Games, Video Games, Web Series & TV Shows, Writing & Publishing, Animal Rights, Culture, Education, Environment, Human Rights, Local Businesses, Spirituality and Wellness.

Indiegogo seems to guard its demographic information (none could be located on the site), but according to Alexa.com<sup>5</sup>, the audience is overwhelmingly male (80%). Alexa also shows that 40% of the Indiegogo audience is based in the USA.

While Kickstarter promotes exciting projects via editorial and story, Indiegogo uses the 'GoGoFactor' - "an algorithm that helps campaigns achieve greater visibility on indiegogo.com - and reach audiences who may find them interesting". In other words, greater visibility on the platform is dependant on the reach and success of the campaign. This potentially makes it difficult for smaller creators promoting smaller projects to break through.

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<sup>5</sup> Alexa (2017) <https://www.alexa.com/siteinfo/indiegogo.com>

Although campaigns can run for up to 60 days, Indiegogo recommends they run for 40 days or less since shorter campaigns have been proven to be more successful. However, if the funding target hasn't been reached by the end of the 40 days, Indiegogo will grant a one-off campaign extension (to a maximum of 60 days).

Indiegogo charges a 5% processing fee and additional 3rd party payment fees are charged at 3%. Indiegogo also adds a 30 cent charge to every pledge.

**INDIEGOGO MAY BE SUITABLE FOR:**



**CROWDFUNDER**

Crowdfunder is based in the UK and operates a unique model. It is a donation-based crowdfunding platform, first and foremost, but one which gives creators the option to offer rewards to their backers too.

Furthermore, projects 50% funded on Crowdfunder also have the opportunity to secure match funding through a Crowdfunder partner. If a project is eligible, these match funds can be provided on both a local and national level from partners such as Plymouth City Council, Santander and NESTA.

Crowdfunder also offers Community Shares which work in a similar way to the equity crowdfunding model but minus the emphasis on financial success.

Since its launch in 2014, Crowdfunder has supported 80,000 creators to raise more than £40 million in funding for their projects. It has over 600,000 members registered on the site.

Crowdfunder does not publish campaign success rates.

There are 17 categories to choose from when creating a campaign on Crowdfunder. These include; Community, Business, Charities, Sports, Arts, Film & Theatre, Food & Drink, Politics, Music, University, Social Enterprise, Environment, Schools, Technology, Publishing, Heritage and Community Shares.

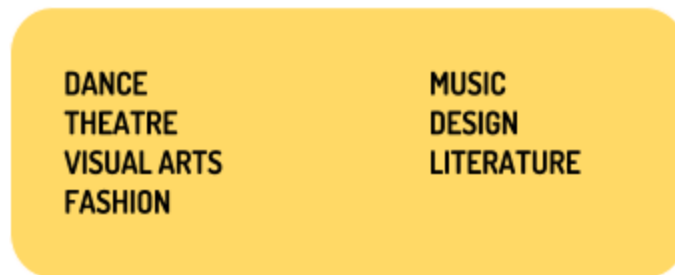
Only UK creators and backers are eligible to join Crowdfunder making the platform unsuitable for creators launching global projects. The Crowdfunder audience is 50% male and 50% female.

Crowdfunder offers comprehensive online guides to getting the most out of the platform. The team also publishes webinars and links to Nesta resources. Crowdfunder promotes projects through a newsletter and blog. However, it does seem critical that a creator brings their own audience to the campaign.

Campaigns can run for as long as 56 days, but in line with information on other platforms, Crowdfunder recommends 28 days as the optimal campaign duration.

Creators pay a 5% (+VAT) fee on each pledge once the campaign has been successful, plus an additional 2% in payment fees.

**CROWDFUNDER MAY BE SUITABLE FOR:**



**GO FUND ME**

GoFundMe is a donation-based crowdfunding platform headquartered in Ireland. Campaigns allow creators to offer rewards to their backers but it is not mandatory.

Launched in 2010, GoFundMe is the world's largest social fundraising platform. Over 40 million 'donors' have raised over \$4 billion (US). Note how language changes on a platform like this to become much more donation and charity driven.

The majority of GoFundMe project categories are charity related, such as Medical, Volunteer, Charities and Animals. However, it does have an entire section dedicated to creative pursuits, specifically Creative Arts, Music and Film.

The audience is mostly female on GoFundMe (60%), and 70% of them are based in the USA. This dramatic lean towards the USA could be due to the amount of medical funding offered on the platform.

If a GoFundMe campaign is successful it may be surfaced on the homepage but, due to the huge number of projects, it is unlikely. It does have some resources available to help creators set up successful campaign pages, but the majority of backers will come from the creator's own audience.

GoFundMe charges a 5% (+VAT) platform fee and payment processing can cost as much as 2.5%, plus 20p per donation.

**GO FUND ME MAY BE SUITABLE FOR:**



**THEATRE  
CRAFT  
VISUAL ARTS**

**CROWDCUBE**

Crowdcube is a UK based equity crowdfunding platform. It allows startup, early stage and growth companies to raise finance to grow their businesses.

It offers three different share types - 'Direct' (multiple shareholders), 'Nominee' (where Crowdcube is the legal owner of the investment, meaning only one legal

shareholder for the company) and the third type is a combination of the two.

The minimum amount that can be raised on the platform is £50,000, and the average raised is £670,000. Brewdog raised £10 million via Crowdcube, the highest amount raised to date. Crowdcube has over 460,000 backers on the platform, making it one of the largest in Europe and the largest in the UK. Crowdcube campaigns have a success rate of 59% and over 590 projects have been completed.

Backers browse potential investments by filtering the search results for the following industries; Automotive, Business Services, Consumer Goods, Consumer Internet, Education, Fitness & Sports, Food & Beverage (FMCG), Healthtech & Healthcare, IT & Telecommunications, Leisure & Tourism, Manufacturing, Restaurants, Cafes & Bars. Although these categories are not wholly relevant to the Creative Scotland audience, Crowdcube may still appeal to certain creators.

Due to the nature of the platform, the Crowdcube team is very hands on with the creators who fundraise through the site. They will only accept projects that offer sound investment opportunities and they help promote successful campaigns.

Crowdcube charges a fee of 7% (exc. VAT), on the amount successfully raised plus payment processing fees between 0.5% and 2.9%.

## CROWDCUBE MAY BE SUITABLE FOR:

DESIGN  
PUBLISHING  
FASHION

## NICHE PLATFORMS

While researching each art form, we discovered a plethora of crowdfunding platforms designed to support different sectors. Some are now defunct, like Bloom VC and I Am La Mode. Some operate rather unusual models, like Betabrand. In this section we will explore these niche platforms.

### BETABRAND FASHION

Betabrand operates as a (p)retail service for budding fashion designers (though it does seem anyone can submit a design or suggestion). Once submitted, the design is mocked up and shared with the Betabrand audience. The crowd then helps determine whether the design gets made by pre-ordering it within 30 days. The consumer gets a discount and the “designer” gets their design made. Betabrand takes care of all manufacturing and distribution and the “designer” gets 10% of sales for a year. The platform takes care of all copywriting and photography for the crowdfunding campaign too. Practical garments - work hoodies, yoga pants and bike wear, for instance, appear to be well received.



## UNBOUND

### LITERATURE/PUBLISHING

Unbound is a UK based reward crowdfunding platform expressly aimed at authors, poets and those working in literature. Interestingly though, The Independent Publishing Magazine claims that “Unbound is a publisher that happens to use a funding platform, rather than a crowdfunding platform suitable for book publishing”<sup>6</sup>.

Since 2010, the Unbound’s community of 138,000 backers, has raised more than £4 million to help fund 290 projects. To be accepted onto the platform, first, the author needs to pitch their idea to the Unbound team. Once accepted, the author can launch a crowdfunding campaign.

Unbound has seven project categories. These include; Fiction, Non-Fiction & Memoir, Lifestyle & Education, Humour, Coffee Table & Art, Poetry & Short Stories. Creators add their project to their preferred category then they can further tag it with adjectives relevant to their work, e.g. ‘feminist’ or ‘illustrated’.

The Unbound audience is 60% male. Almost half of the audience is based in the UK.

Once a campaign has raised 70% of its funding target, the Unbound team actively engages and promotes the project to help it reach 100%.

Campaigns tend to run for very long periods of time. Unbound says, “On average, a project will take 3-6 months

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<sup>6</sup> The Independent Publishing Magazine (2014), Unbound Reviewed  
<http://www.theindependentpublishingmagazine.com/2014/11/unbound-reviewed.html>

to fund. Every project is different, and depends largely on how much work and promotion the author does.<sup>7</sup>

The Unbound fee structure is completely different to other crowdfunding platforms and each creator signs a contract which is negotiated on a project by project basis.

## PLEDGEMUSIC MUSIC

PledgeMusic considers itself a 'direct-to-fan' platform but operates just like a crowdfunding platform. PledgeMusic is geared toward musicians and it facilitates two types of crowdfunding campaign. The first type, 'direct-to-fan', is similar to reward crowdfunding in that fans pledge a sum to help the creator reach a funding goal. The second type is a simple pre-order system whereby fans pre-order albums or tour tickets to help the creator cover costs in advance.

In 2014 it was reported that PledgeMusic's 'direct-to-fan' campaigns had a 90% success rate, higher than any other crowdfunding platform. The same article states that "most" artists on PledgeMusic raise 140% of their target.<sup>8</sup>

There are 14 categories for creators to choose from on PledgeMusic. These include genres like Rock, Pop, Electronic, Rhythm & Blues and Reggae.

The reason the campaign success rate is so high on PledgeMusic (90%) is because the team works with every

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<sup>7</sup> Unbound (2017)

<http://help.unbound.com/unbound-for-creators/crowdfunding/how-long-will-it-take-for-a-project-to-fund>

<sup>8</sup> Digital Music News (2014) PledgeMusic Looks To Change The Future of the Album Release  
<https://www.digitalmusicnews.com/2014/01/30/pledgemusic/>

creator to make sure it has the best chance of success. When a creator signs up to create a project, PledgeMusic is dedicated to guiding them through the process.

PledgeMusic recommends that a creator brings their own fanbase to the platform but the team does select a standout musician from each category and promotes them alongside a selection of other projects.

Alexa.com shows that the core audience browsing PledgeMusic is almost 95% male.

PledgeMusic charges a higher commission than other platforms but given that it also provides a much more hands on creator experience, the 15% fee (which includes payment processing) is in line with the service.

## **ARTISTSHARE** **MUSIC**

ArtistShare counts itself among the first ever crowdfunding platforms. It operates on a reward funding basis whereby music fans purchase special packages that allow them to get closer to their favourite acts. Rewards range from dinner with the artist to a digital download of their latest release. Funding goal amounts and running totals are not published on campaign pages.

Every creator is screened and approved prior to setting up their campaign.

ArtistShare claims that among its projects there are 5 Grammy award winners and 15 Grammy nominees. It states that the ArtistShare roster includes several

prestigious artists including Pulitzer prize and Oscar nominated writers.

There are no definable categories on the ArtistShare site, but there are few live projects at one time, making browsing easier for fans.

ArtistShare doesn't publicly share information about success rates, set up fees or payment processing charges. However, other sites report that there is an undisclosed set up fee, while others mention a 5% transaction fee.

## **SEED&SPARK** **FILM**

Designed specifically for filmmakers, Seed&Spark combines subscription crowdfunding with streaming. It focuses on independent filmmakers and projects that increase representation in the film industry. A portion of each member's monthly subscription fee is allocated to a new project. Seed&Spark call this the 'Green Light Seed Fund'. Every month, subscribers receive a shortlist of recommended projects via email then they vote for the project they want to support. The funds are then allocated based on how many votes each project receives.

Seed&Spark has a campaign success rate of 75%.

Each project is assigned one or two genres (45% have one and 55% have two), the most common of which is drama, accounting for 42% of projects.

The platform offers a variety of rewards for creators to 'unlock' as they hit specific targets. For example, once a

project has 250 followers and raises 80% of its funding target, the creator gains access to useful Seed&Spark partners. When the project has 500 followers, the creator receives free submissions to a host of film festivals and when they reach 1000 followers they get access to free technologies.

Creators can choose to run their campaigns for 30, 45 or 60 days. Seed&Spark recommends the 30 day option. Seed&Spark charges a 5% platform fee but it offers backers the chance to cover that fee at checkout (and the majority choose to do so). Credit card processing fees are \$0.30 + 2.9% of the pledge. On average, creators keep 95% of funds raised.

## 04

# ARTFORMS + EXAMPLES

## CRAFT

In this section, we explore standout examples from each art form, across a selection of platforms.

Creators working in the craft sector might run a crowdfunding campaign to raise funds to buy new tools, to increase awareness of their business or bring attention to their unusual techniques.

The platforms best suited to these goals are Kickstarter, Indiegogo, Patreon and GoFundMe.



**Project Name:** The New York Fabric Convenience Store

**Project Date:** August 2016

**Platform:** Kickstarter

**Amount Raised:** £40,519

**Link:** <http://kck.st/2mITGHI>



**Project Name:** ISHKAR: curated craftsmanship with purpose

**Project Date:** November 2016

**Platform:** Indiegogo

**Amount Raised:** £20,250

**Link:** <http://bit.ly/2mnPpDu>



**Project Name:** Annika Victoria is creating DIY and Fashion videos!

**Project Date:** Since 2015

**Platform:** Patreon (Per Thing)

**Amount Raised:** \$736 per creation

**Link:** <http://bit.ly/2mqlqen>



**Project Name:** Get me to PICA

**Project Date:** Since May 2017

**Platform:** GoFundMe

**Amount Raised:** £1420 of £1000 total

**Link:** <http://bit.ly/2mqoLtV>

## FASHION

Creators working in fashion might run a crowdfunding campaign to launch their own label, launch a new collection or fund a fashion show.

The platforms best suited to these goals are Kickstarter, Indiegogo, Crowdcube, Betabrand.



**Project Name:** Community Clothing

**Project Date:** July 2016

**Platform:** Kickstarter

**Amount Raised:** £88,619

**Link:** <http://kck.st/2mvlZ6i>



**Project Name:** Jean and Tonic

**Project Date:** January 2016

**Platform:** Indiegogo

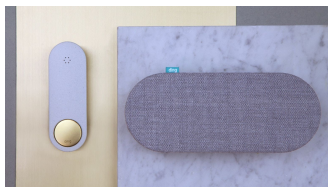
**Amount Raised:** \$21,792

**Link:** <http://bit.ly/2mucvbx>

## DESIGN

Creators working in design might run a crowdfunding campaign to fund their first batch of manufacturing, to get validation for investors and/or launch their brand.

The platforms best suited to these goals are Kickstarter, Indiegogo and Crowdfunder.



**Project Name:** Ding - Smart Doorbell

**Project Date:** October 2016

**Platform:** Kickstarter

**Amount Raised:** \$111,453

**Link:** <http://kck.st/2mtoV3F>



**Project Name:** Covi - Smart Light

**Project Date:** August 2017

**Platform:** Indiegogo

**Amount Raised:** €126,956

**Link:** <http://bit.ly/2msE4IP>



### Set Design For Screen



Class of 2017

**Project Name:** Set Design for Screen Grad Show

**Project Date:** May 2017

**Platform:** Crowdfunder

**Amount Raised:** £2,200

**Link:** <http://bit.ly/2mu2ZoN>

## LITERATURE/ PUBLISHING

Creators working in the publishing industry might run a crowdfunding campaign to get their work published, to establish a fanbase or to fund themselves while writing.

The platforms best suited to these goals are Unbound, Kickstarter, Patreon, Indiegogo.



**Project Name:** Annabel Vs The Internet

**Project Date:** May 2017

**Platform:** Unbound

**Amount Raised:** 121% funded

**Link:** <http://bit.ly/2mqQMBR>



**Project Name:** Hate Mail: The Definitive Collection

**Project Date:** October 2015

**Platform:** Kickstarter

**Amount Raised:** £135,146

**Link:** <http://kck.st/2msRZIn>



**Project Name:** Andrew P Street is creating a three-times-a-week Australian politics newsletter

**Project Date:** Ongoing

**Platform:** Patreon

**Amount Raised:** \$1758 per month

**Link:** <http://bit.ly/2mtk4zr>

## THEATRE / DANCE

Creators working in theatre and dance might run a crowdfunding campaign to produce a show, fund a performance, hire a choreographer, buy rehearsal time, pay for costumes, cover a festival submission fee or invest in personal development.

The platforms most suited to these goals are Crowdfunder, Kickstarter or Patreon.



**Project Name:** Nevermore Theatre Does the Horror Fest

**Project Date:** September 2017

**Platform:** Crowdfunder

**Amount Raised:** £400

**Link:** <http://bit.ly/2muk2Y0>



**Project Name:** John Scott/Valda Setterfield's Lear to Edinburgh

**Project Date:** September 2017

**Platform:** Kickstarter

**Amount Raised:** €6,582

**Link:** <http://kck.st/2ms7ZdH>



**Project Name:** Honest Pint Theatre Company

**Project Date:** Ongoing

**Platform:** Patreon

**Amount Raised:** €495 per month

**Link:** <http://bit.ly/2mqCDnI>

## MUSIC

Creators working in the music industry might run a crowdfunding campaign to fund an album or a tour, to raise awareness of their band/troupe/work, to create a

demo, or fund the purchase of a new instrument.

The platforms most suited to these goals are Pledgemusic, Patreon, ArtistShare or Kickstarter.



**Project Name:** The Little Unsaid: The Day is Golden

**Project Date:** 128 days

**Platform:** ArtistShare

**Amount Raised:** 154% of goal

**Link:** <http://bit.ly/2mtaxlG>



**Project Name:** I Fight Dragons

**Project Date:** Ongoing

**Platform:** Patreon

**Amount Raised:** \$30,547

**Link:** <http://bit.ly/2mqZKP7>



**Project Name:** Music in the American Wild

**Project Date:** Ongoing

**Platform:** ArtistShare

**Amount Raised:** Undisclosed

**Link:** <http://bit.ly/2muMXuP>



**Project Name:** Midnight Skyracer Debut Album 'Fire'

**Project Date:** November 2017

**Platform:** Kickstarter

**Amount Raised:** £3,462

**Link:** <http://kck.st/2mucVP7>

## VISUAL ARTS

Creators working in the visual arts might run a crowdfunding campaign to fund a film festival, buy new equipment, cover competition entry fees, fund training, or cover studio costs.

The platforms best suited to these goals are Kickstarter, Indiegogo, Seed&Spark.



**Project Name:** Don't Hug Me I'm Scared

**Project Date:** June 2014

**Platform:** Kickstarter

**Amount Raised:** £104,905

**Link:** <http://kck.st/2mthadY>



**Project Name:** Bite Me

**Project Date:** November 2017

**Platform:** Seed&Share

**Amount Raised:** £35,405

**Link:** <http://bit.ly/2mtEGr>

## 05 SUPPORT AVAILABLE

There is a wealth of information available online for people preparing to undertake a crowdfunding campaign. Several of the platforms mentioned above publish guides to the crowdfunding process. There are also small independent companies who offer advice and larger organisations who offer support to their networks. The best sources of information available are outlined below.

## LARGE ORGANISATIONS

### NESTA

Nesta is actively assessing the potential of crowdfunding. The team dedicated to this assessment reports frequently and produces thought pieces on the current state of crowdfunding. The team has published a guide to crowdfunding<sup>9</sup>.

Nesta has created a huge searchable database<sup>10</sup> of crowdfunding platforms and designed a questionnaire to help creators identify the platform best suited to them.

Nesta is a shareholder in crowdfunding platform Crowdfunder. Nesta ran a pilot of match funding with Crowdfunder between August 2016 and August 2017, with the support of Arts Council England and the Department of Digital, Culture, Media & Sport. Over the course of a year they funded 54 projects<sup>11</sup>. From this pilot they recommend that funders<sup>12</sup>;

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<sup>9</sup> Nesta (2017) Crowdfunding tips <https://www.nesta.org.uk/news/crowdfunding-tips>

<sup>10</sup> Crowding In (2017) Crowdfunding platforms <http://www.crowdingin.com/platforms/all/all>

<sup>11</sup> Crowdfunder (2017) Successful arts match-funded projects <http://www.crowdfunder.co.uk/funds/arts>

<sup>12</sup> Nesta (2017) Matching the crowd - Combining crowdfunding and institutional funding to get great ideas off the ground <https://www.nesta.org.uk/publications/matching-crowd-combining-crowdfunding-and-institutional-funding-get-great-ideas-ground>

- Where possible should offer match funding.
- Use crowdfunding to build skills and organisational resilience through the additional non-financial benefits that come with it.
- Look beyond match crowdfunding for interventions that can help involve the crowd in decision-making.
- Invest time and resources into the co-design of match fund programmes with crowdfunding platforms.

## **CULTURAL ENTERPRISE OFFICE**

The Cultural Enterprise Office has two crowdfunding advisers - Kaye Symington from Paved With Gold and Tim Wright from twintangibles. Each adviser offers a different perspective on crowdfunding. Advisers help creators understand potential routes and approaches to crowdfunding and show them how to map out a full campaign. The Cultural Enterprise Office also offers a discount to twintangibles online training course<sup>13</sup>.

## **SCOTTISH ENTERPRISE**

Although Scottish Enterprise does not publish crowdfunding advice online, it recently ran a series of crowdfunding seminars for small businesses in Stirling, Glasgow, Edinburgh and Aberdeen. Speakers included representatives from Crowdcube and Indiegogo.

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<sup>13</sup> Cultural Enterprise Office (2017) Crowdfunding to Win  
<http://www.culturalenterpriseoffice.co.uk/latest/news/crowdfunding-to-win/>

## **LOCAL COUNCILS**

Aberdeenshire Council provide a guide to types of crowdfunding models and Aberdeen City Council offer match funding through Crowdfunder<sup>14</sup>. Similarly, Angus Council launched, Crowdfund Angus<sup>15</sup>, a £1.7 million fund to bring additional support to projects across the region.

In England, Plymouth Council worked with Crowdfunder to distribute £60,000 in funding which led to £400,000 being raised in total for projects. This inspired the Nesta match funding pilot.

## **DESIGN COUNCIL**

The Design Council works in partnership with Crowdfunder to deliver Design Spark, a programme that supports the cohort to run a Crowdfunder campaign. The Design Council also works with external crowdfunding advisers to mentor their cohort in other crowdfunding platforms.

## **ASSOCIATION OF ILLUSTRATORS**

Does not offer any specific crowdfunding advice.

## **MUSICIANS UNION**

The Musicians Union offers straightforward advice<sup>16</sup> for musicians on how to run their own crowdfunding campaign. Although not especially detailed, it is useful.

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<sup>14</sup> Crowdfunder (2017) Crowdfund Aberdeen <http://www.crowdfunder.co.uk/aberdeen/crowdfund-aberdeen>

<sup>15</sup> Crowdfunder (2017) Crowdfund Angus <http://www.crowdfunder.co.uk/angus>

<sup>16</sup> Musicians Union (2017) Crowdfunding <https://www.musiciansunion.org.uk/Home/Advice/Your-Career/Finance/Crowdfunding>

## PLATFORMS

### KICKSTARTER

Kickstarter designed the Creator Handbook<sup>17</sup> to guide would-be creators through every stage of setting up and running a successful campaign. It covers the type of funding Kickstarter offers, tips on getting started, advice about fulfilling rewards, ideas for telling an effective project story and steps to best promote your campaign. It also offers a wide selection of further reading and gives details of recommended agencies<sup>18</sup> and partners to work with.

### INDIEGOGO

Indiegogo have created a downloadable field guide<sup>19</sup> to help creators run effective campaigns.

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<sup>17</sup> Kickstarter (2017) Creator Handbook <https://www.kickstarter.com/help/handbook>

<sup>18</sup> Kickstarter (2017) Experts <https://www.kickstarter.com/experts>

<sup>19</sup> Indiegogo (2017) Field Guide <https://learn.indiegogo.com/marketing-crowdfunding-field-guide-a>



## 06

### RECOMMENDATIONS

- Assess potential for match funding in Scotland.
- Work with a platform to co-produce a match funding programme that works for the creative industries in Scotland.
- Understand from other funders the impact crowdfunding is having on how they distribute funds.
- Learn from creators of successful campaigns - understand the issues and challenges they encountered and identify the support they required.