

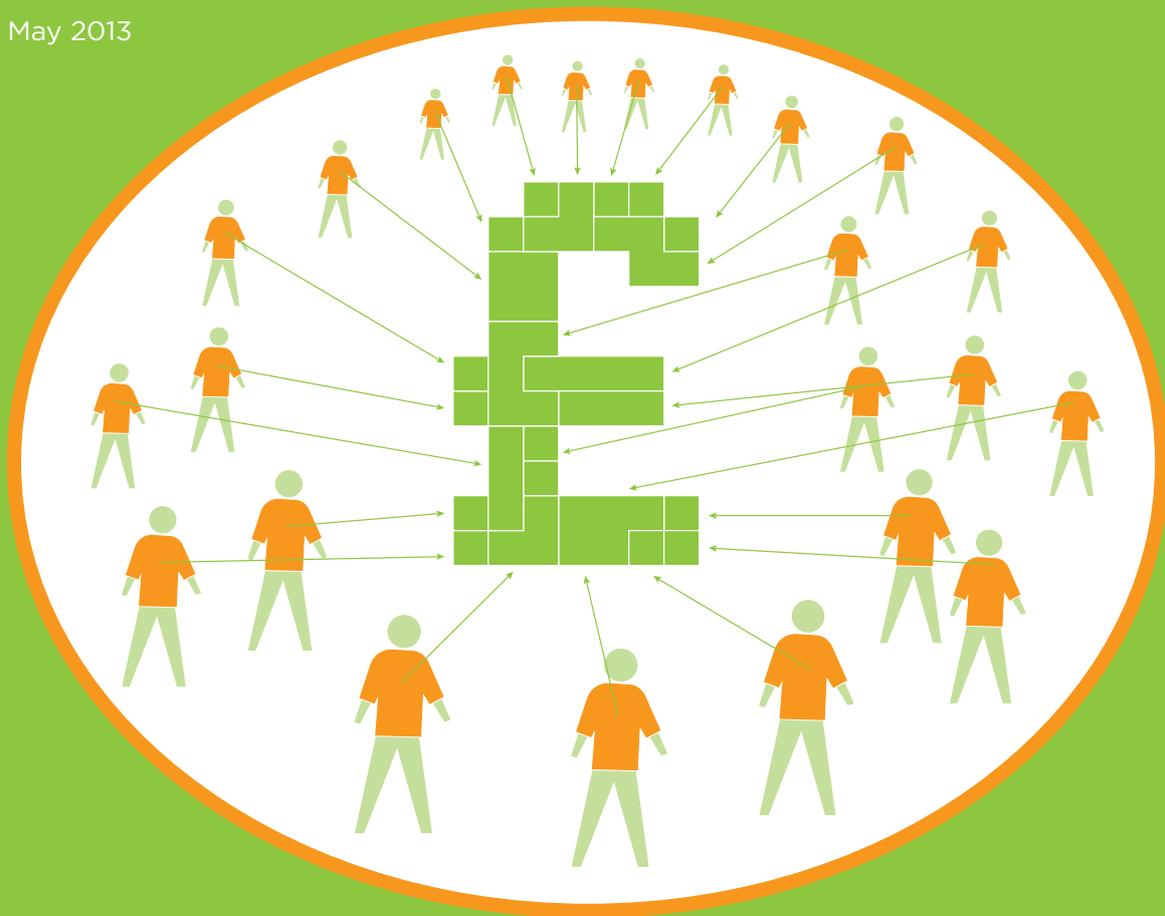
# Nesta...

## WORKING THE CROWD

### A SHORT GUIDE TO CROWDFUNDING AND HOW IT CAN WORK FOR YOU

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May 2013





## INTRODUCTION

***“Fisheye photography’s fantastic, but the lenses are often really expensive”*** opens Greg Dash’s pitch video on crowdfunding site Indiegogo. Having designed and built a small camera with a built-in fisheye lens for personal use, Greg received lots of requests to make more so decided to see if he could make some for the wider public to buy. In April 2013, using crowdfunding site Indiegogo he managed to raise £67,000 (well in excess of the £35,000 he initially sought) from over 700 people seeking to pre-order the camera. Greg already has a manufacturer lined up and is planning on having the first 1,000 cameras ready by June.

Crowdfunding is booming. In 2012, crowdfunders contributed almost \$2.7 billion,<sup>1</sup> which helped fund more than one million new projects like the LoFi-Fisheye.<sup>2</sup> The UK is also catching the crowdfunding wave, with £200 million invested through crowdfunding in 2012, and significant potential for further growth.<sup>3</sup>

While the excitement around the recent growth in crowdfunding is merited, it is worth remembering that this is a very old idea. For centuries, public subscription has been used to build shared assets from small personal contributions. Families bought bricks to build mosques on the Indian subcontinent, just as it was citizen donations that paid for the plinth that supports the Statue of Liberty.

What has brought crowdfunding into the limelight in recent years is a combination of advances in technology and the financial crisis. The growth in Internet usage has made it radically easier to connect potential funders with people looking for funding. It also makes it possible to find funders with a special interest in backing even the most esoteric project. People looking to raise funds are no longer limited to appealing to widely held motivations, like the early crowdfunders mentioned above who drew on people’s religious devotion or nationalism. Using the web, it’s possible to identify 10,000 people willing to build a museum to commemorate Nikola Tesla<sup>4</sup> or mobilise a group of local people to raise £7,793 for a pirate-themed learning centre in London.<sup>5</sup>

But how does the crowdfunding model actually work? This short guide aims to give a quick overview of crowdfunding, the different versions of the model and how they work. Finally, throughout the guide we provide tips for aspiring crowdfunders on how to increase the odds of running a successful crowdfunding campaign. Each tip is a hyperlink through to a more detailed description of how you can increase your chances of crowdfunding success.



## CASE STUDY: THE BICYCLE ACADEMY

*“When I first came up with the idea for The Bicycle Academy I didn't really think of it as a business, it was just something that I wished existed. From the very beginning I painted quite an ambitious picture of what it might be, then I documented what I was doing, telling the story as I went along. Over time the project picked up more followers, many of whom got in touch to see how they could help. People liked what I was doing and wanted to be a part of it.”<sup>6</sup>*

Andrew Denham, a 29 year old mechanical design engineer with a passion for cycling was the first person to raise money through UK platform Peoplefund.it in November 2011. In just six days he raised over £40,000 for The Bicycle Academy, a for-profit business with a social conscience and giving at its core, that runs bicycle-making courses with the first bike from each participant going to individuals in Africa via charities working in the continent.

Over 180 people backed the project by making pledges from £20 up to £1,000 in return for all sorts of rewards such as special T-shirts and the very first places on the frame building courses. But it was not an easy process. Andrew worked hard in advance of the campaign to get potential backers interested.

*“I courted what would become my customer base for 11 months prior to the launch. From the very start I wrote a project blog, kept Twitter and Facebook accounts and created teaser videos.”<sup>7</sup>*

Since raising funds The Bicycle Academy has gone on to provide courses to people from as far as Slovenia, Italy, Germany and Norway with others from Australia, Brazil, India and Singapore on the waiting list. It was also selected as one of the top 20 start-ups in the UK by startups.co.uk for 2011.

# WHAT IS IT? THE NUTS AND BOLTS OF CROWDFUNDING

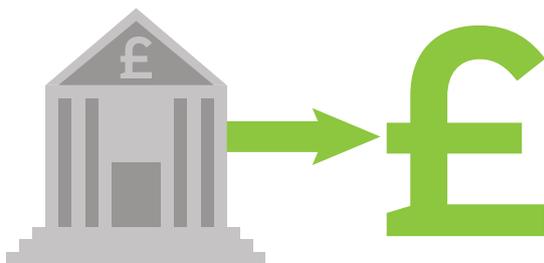
At its simplest, crowdfunding can be described as a way of financing projects and businesses through small contributions from a large number of sources rather than through large amounts from one or a few. Crowdfunding is often spoken of as a particular form of the more general practice of crowdsourcing, the use of a crowd to obtain ideas, feedback and solutions in order to develop projects and activities. In the case of crowdfunding, the objective is to obtain funding. This is generally done by using crowdfunding websites or 'platforms' that facilitate funding. Instead of raising the money from a very small group of traditional investors, the idea of crowdfunding is to obtain it from a large audience ('the crowd'), where each individual will provide a very small amount. This can take the form of a donation, equity purchase, loan, or pre-ordering of a product or service being produced.<sup>8</sup> The majority of platforms operate an 'all-or-nothing' funding model where a target amount is set out at the beginning of the fundraising campaign and if this is not met or exceeded in a given time period, funding does not proceed and backers get their money back.

## Tip 1 Budget

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

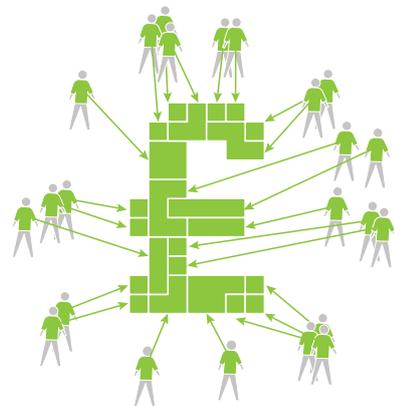
### TRADITIONAL FUNDING

Large amounts from one, or a few, sources



### CROWDFUNDING

Many small sums from a large group of individuals



# A SUPER-SHORT HISTORY OF MODERN CROWDFUNDING

**1990s-EARLY 2000s**  
**Internet enables the first online crowdfunding campaign**

Enabled by the Internet, communities started to form online to exchange content via email, instant message and fan pages. British rock group *Marillion* are recognised by many as the first to prove how a loyal and engaged crowd can be used as a powerful source of finance online. In 1997 the band tapped fans through their website to fund a \$60,000 US tour and subsequent albums.

2000 saw the birth of *ArtistShare*, the first reward-based crowdfunding website for music, then referred to as 'fan funding' for musicians.



**EARLY 2000s**  
**A new market for giving**

Internet-enabled giving goes mainstream with the emergence of sites such as *JustGiving* in 2000.

**2000**  
**The first platform arrives**

The mid-2000s saw the emergence of online microlending sites such as *Kiva* which enabled individuals to lend small amounts in support of projects in the developing world.

**2005**  
**Microlending and P2P lending take off**  
In parallel, peer-to-peer (P2P) lending between individuals in the developed world took off with the launch of *Zopa* in the UK and *Prosper* in the US.

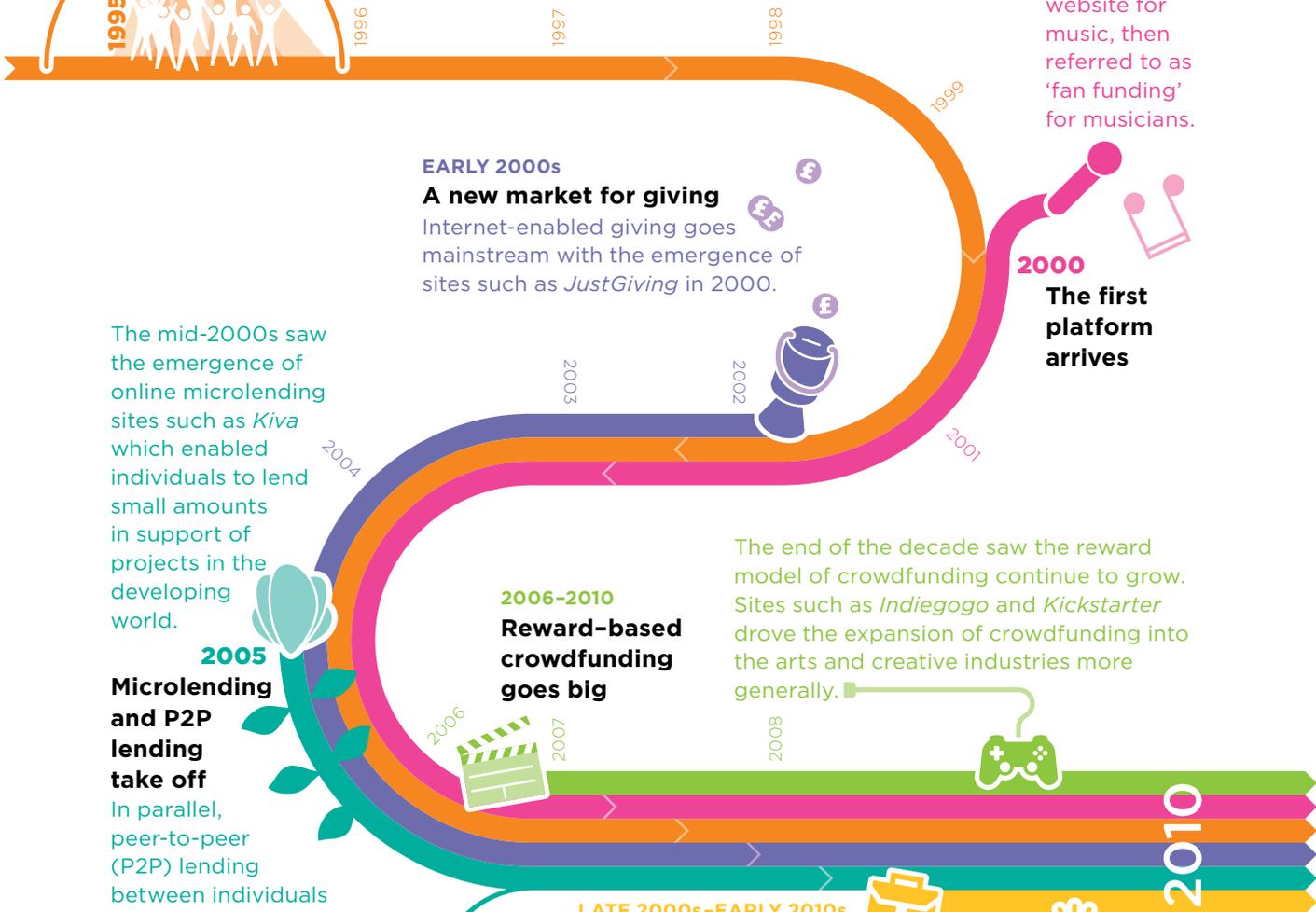
**2006-2010**  
**Reward-based crowdfunding goes big**

The end of the decade saw the reward model of crowdfunding continue to grow. Sites such as *Indiegogo* and *Kickstarter* drove the expansion of crowdfunding into the arts and creative industries more generally.

**LATE 2000s-EARLY 2010s**  
**Expansion of the model into new areas**

The turn of the decade has seen the application of the model to other areas previously dominated by large funders. These included investing for equity in start-ups and lending to businesses.

Another new area has been funding of public and social projects with platforms such as *Peoplefund.it*, *Buzzbnk* and *SolarSchools*.



2010

## TECHNOLOGY AS AN ENABLER

In the early 1990's, if you wanted to sell a vintage bicycle, lamp or any other consumer good you no longer had use for, you were in most cases confined to selling your goods through third parties, that made the process of selling too costly and time consuming. This all changed in 1995 with the launch of eBay. Making the most of the opportunities to easily connect people online, they developed a simple low-cost consumer-to-consumer model for auctioning and bidding for goods online. In doing so they helped cut out the middleman and facilitated easy access to new types of buyers and sellers, enabling more goods to be bought and sold.

Crowdfunding can in many ways be seen as doing the same 'levelling' of the funding playing field by enabling more people to donate, lend and invest, as well as create more opportunities for entrepreneurs to access finance and cutting out financial middlemen. So, while the concept of crowdfunding is not new, how crowdfunding happens has radically changed in the last decade, driven primarily by technological innovations and the growth in both Internet access and usage. As *The Economist* put it in 2010, crowdfunding is now about "putting your money where your mouse is".<sup>9</sup>

The following are four technological innovations that have contributed to the growth of modern crowdfunding:

**An online place for pitches:** Crowdfunding platforms, in one sense, function as sophisticated online noticeboards. By enabling campaigns to have a secure and trustworthy home online, where they can outline to potential funders what the project is about, the timescales, how much money is needed and what funders get in return. This provides a single place, that isn't limited by geography or its capacity to engage a limited amount of people at a time, where entrepreneurs can send people interested in funding their campaign.

**Moving your money with a click:** A key element of crowdfunding is the safe transfer of money from funder to entrepreneur at the end of a successful campaign. Crowdfunding campaigns and the platforms they use rely on the secure, easy and low-cost transfer of money from funders who are, in many cases very geographically dispersed. This is being provided to most platforms by online services such as PayPal<sup>10</sup> and Amazon Flexible Payments (AFP).<sup>11</sup> The importance of these services to the model was highlighted recently when Amazon denied crowdfunding platform unglue.it, which raises funding to gain Creative Commons licenses for books, usage of their AFP service, forcing the platform to temporarily halt its business.<sup>12, 13</sup>

### Tip 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.

**The social engine:** While platforms provide the noticeboard for entrepreneurs to convey their pitch to would-be funders, it's primarily activities outside the platform that drive traffic towards campaigns. Mail-outs and social media like Facebook (more than a billion<sup>14</sup> users) Twitter (half a billion<sup>15</sup> users) as well as free blogs like Wordpress or Tumblr provide outlets for entrepreneurs to market their project. They allow the efficient targeting of online communities with a potential interest in backing the project and drive them towards their campaign with just a click.

**Fuelling campaigns with algorithms:** Using algorithms platforms that are able to easily monitor and display campaign progress, both in terms of how much money has been pledged, by measuring traffic to campaigns and interest and buzz around the project. Crowdfunding platform Indiegogo for example uses an algorithm to measure the 'gogo factor',<sup>16</sup> which take into account frequency of updates, tweets, comments, and click-throughs to the campaign, to decide which projects they are promoting on the platform front page in order to maximize overall success on the platform.

## The rise of the platforms – mediator of the relationship between entrepreneurs and crowd

Just like eBay functions as an online marketplace that facilitates exchange between sellers and buyers, the majority of modern crowdfunding<sup>17</sup> happens through online platforms. Platforms vary in size and scope but will typically focus on a specific market and on hosting a specific type of project on their platform. This is illustrated by how Kickstarter focuses on the creative industries, UK-based platform Spacehive focuses on anything happening in the public space and US platform Fundageek focuses purely on research projects. However, there is a high degree of variation across individual platforms with regards to how specific their focus is. Some have a narrow focus such as Gambitious<sup>18</sup> which only funds video games, whereas other platforms like Indiegogo facilitate the funding of anything from comic books<sup>19</sup> to funerals.<sup>20</sup>

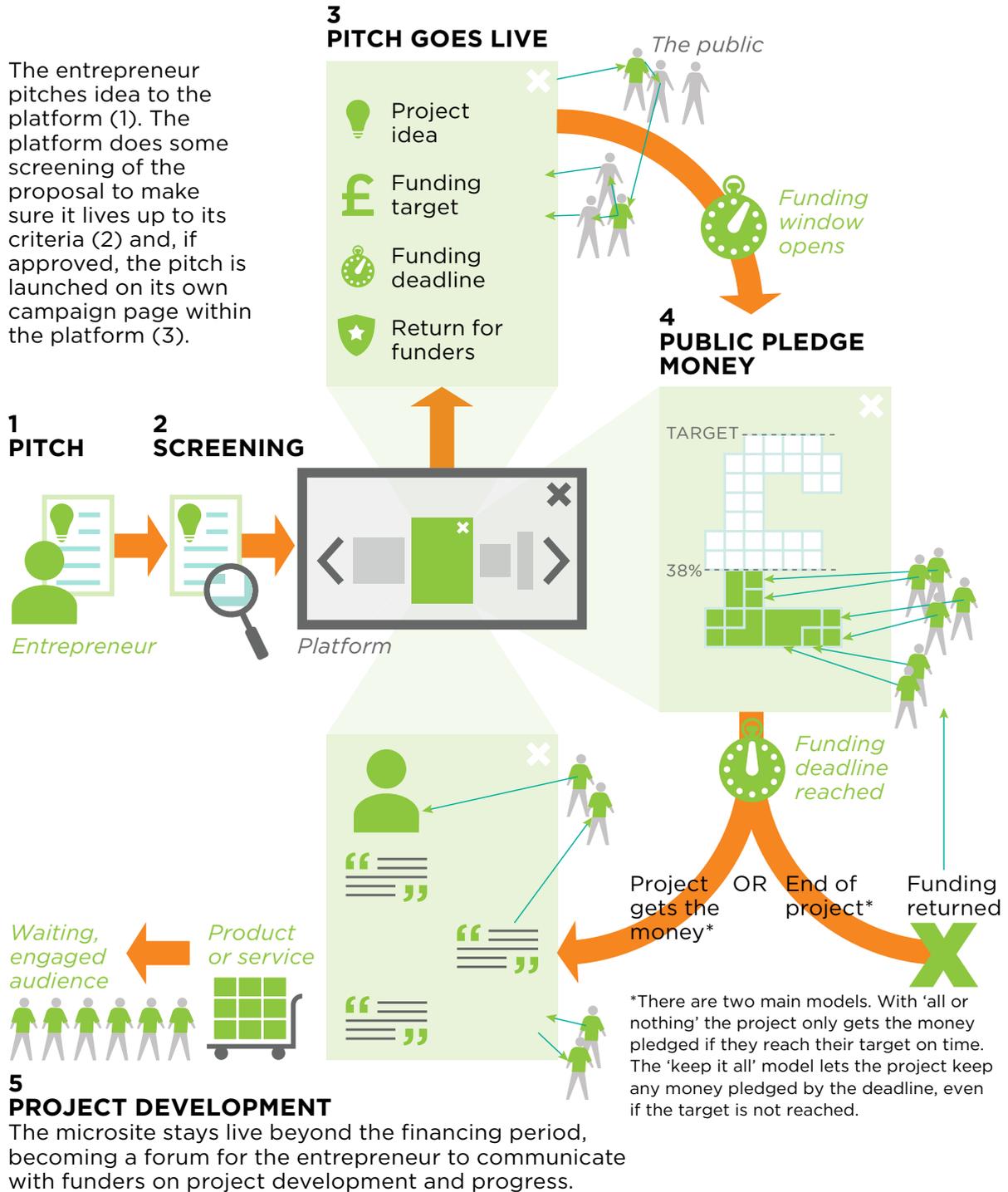
### Tip 3 Clarity and transparency

**Be clear on what you are trying to achieve and how the money you raise will be used**

While one of the main benefits of crowdfunding is its ability to allow people from various geographical locations to contribute to the same project, the model also can be very effective at connecting local communities. Platforms such as Solarschools who focus on funding solar panels for schools, effectively harness a community's ability to come together to fund something specific for their area.

The business model for platforms is to take a cut of the money raised in the campaign. For the majority of platforms this cut is in the region of 5 per cent of the money being raised and on condition that the fundraiser is successful. However, there is variation on the pricing models offered.

# THE PROCESS OF CROWDFUNDING



# THE INCREASING SCOPE AND SCALE OF WHAT CAN BE CROWDFUNDED

While a single definition is useful when thinking about crowdfunding, it is important to remember that there is enormous variety in the type of projects and businesses that can raise finance from the crowd, how much money can be raised and what the exchange between funder and fundee entails.

As illustrated in the short history of modern crowdfunding on page 6, the model has spread from the music industry to now enabling the financing of projects across the public, private and third sector. Building on this, recent years have not only seen significant development in the scope of what can be crowdfunded, but also in the scale of crowdfunded projects, with big successes like the Pebble Smart Watch breaking records when it raised \$10,266,845 from 68,929 backers in 2012.<sup>21</sup>

## Tip 4 Tell a compelling story

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

## From bakeries to videogames – the scope of what can be funded by the crowd

A quick scan across the different crowdfunding platforms and the projects they help get funding illustrates the diversity of what the crowd can finance. Uses of crowdfunding vary from funding videogames<sup>22</sup> to organic bakeries.<sup>23</sup> Some areas we see crowdfunding having a significant impact include:

- **Crowdfunding creative and cultural industries:** The creative industries were the driving force behind the rise of crowdfunding. Kickstarter and Indiegogo, arguably the most popular crowdfunding platforms,<sup>24</sup> still focus mainly on creative projects, such as videogames, photography or new design products. There are however, many more platforms concentrating on creative projects, many operating in specific niches such as publisher Unbound<sup>25</sup> and unglue.it<sup>26</sup> who are focusing on removing copyrights on books, or *emphas.is*<sup>27</sup> who focuses purely on funding photography projects.
- **Crowdfunding private business:** Crowdfunding also allows for investing in, and lending to private businesses. Through equity crowdfunding platforms like Crowdcube<sup>28</sup> and Seedrs,<sup>29</sup> people have the opportunity to get an equity stake in innovative UK businesses like *Escape the City*<sup>30</sup> and *DigitalSpin*<sup>31</sup> in exchange for contributing funds. Other platforms offer the opportunity to access crowdfunded loans. FundingCircle,<sup>32</sup> has thus far facilitated approximately £100 million in lending to more than 1,700 UK businesses offering interest rates of around 9 per cent to lenders before fees.<sup>33</sup>

- **Crowdfunding public and social projects:** Civic crowdfunding is generally being used as a catch-all term for projects with a public or social focus, and is another application that has the potential to disrupt how money for charitable causes is sourced and how public services and spaces are used and paid for. The Luchtsingel footbridge in Rotterdam (in the Netherlands) is one early example of how local people crowdfunded a public good project, in return for getting their names on one of the 17,000 planks used to build the bridge.<sup>34</sup> Spacehive<sup>35</sup> in the UK has been pioneering co-investment models between the crowd, private sector and public sector investors, with early successes like the Glyncoch Community Centre.<sup>36</sup> While the majority of civic crowdfunding happens on the periphery of public services the Citizeninvestor platform<sup>37</sup> in the US has begun experimenting with integrating a crowdfunding in to how the city of Philadelphia commissions and funds new public projects.<sup>38</sup> Civic crowdfunding has also been proven as a new way of financing projects that have their origin in the third sector. Platforms like Peoplefund.it,<sup>39</sup> SolarSchools<sup>40</sup> and Buzzbnk<sup>41</sup> are all examples of UK-based platforms that support projects with a social objective and are proving innovative models of encouraging more giving in society.

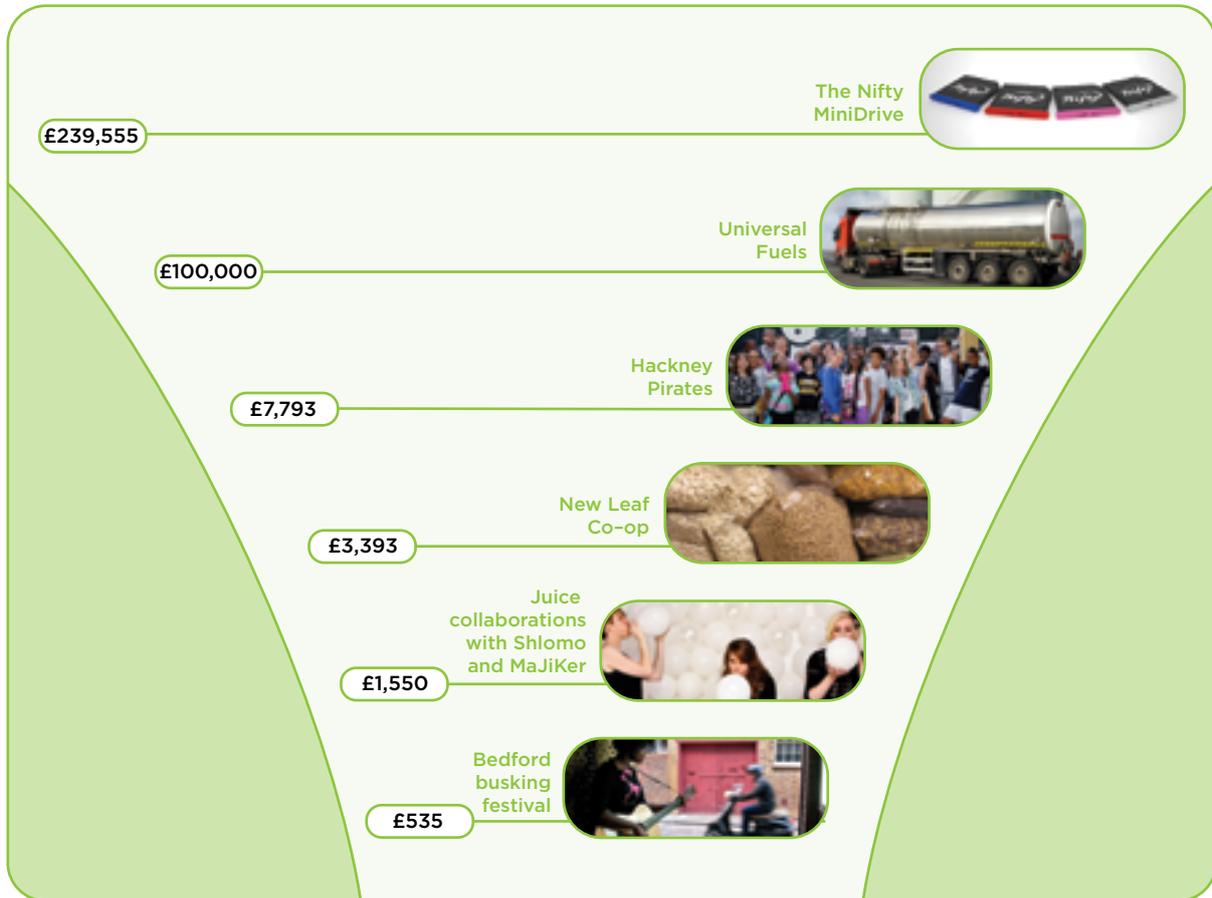
## From £535 to £239,555 – addressing a wide range of funding needs

While on the one hand there is an incredibly broad scope in terms of what can get funded, the model also demonstrates flexibility in terms of the size of projects that can raise money from the crowd. It is often the most highly-funded crowdfunding campaigns, such as the Pebble Watch, that catch the headlines, but crowdfunding campaigns, as illustrated in the following figure, can be used to raise finance for projects of all sizes.

### Tip 5 Pre-launch

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

## Different scale



There is a lot of variation in scale and scope of different crowdfunding projects, from £535 for a one day busking festival in Bedford<sup>42</sup> or £3,340 for a wholefood cooperative in Edinburgh<sup>43</sup> to £100,000 for the Universal Fuels oil supply company<sup>44</sup> or £239,555 for the Nifty SD MiniDrive.<sup>45</sup>

## Different models for crowdfunding

While crowdfunding has the potential to fund projects at varying scale and in many different sectors, there is also variation in the type of financing that is facilitated. Typologies can be difficult in the area but broadly the majority of crowdfunding can be defined as fitting into one of the following four variations of the model.

### Tip 6

#### Segment funders

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

	Form of contribution	Form of return	Motivation of funder
<b>Donation Crowdfunding</b>	Donation	Intangible benefits	Intrinsic and social motivation.
<b>Reward Crowdfunding</b>	Donation/ Pre-purchase	Rewards but also intangible benefits.	Combination of intrinsic and social motivation and desire for reward.
<b>Crowdfunded Lending</b>	Loan	Repayment of loan with interest. Some socially motivated lending is interest free.	Combination of intrinsic, social and financial motivation.
<b>Equity Crowdfunding</b>	Investment	Return on investment in time if the business does well. Rewards also offered sometimes. Intangible benefits another factor for many investors.	Combination of intrinsic, social and financial motivation.

**Donation Model.** The donation model of crowdfunding is a means for charities, or those who raise money for social or charitable projects, to gather a community online and to enable them to donate to a project. While most established charities facilitate this through their own website, crowdfunding platforms can be useful for smaller organisations and people raising money for personal or specific charitable causes. We have also seen established charities set up crowdfunding initiatives to allow donors to contribute to specific projects rather than to the charity as a whole. An example is Cancer UK's 'myprojects' page where funders can choose to donate to a specific cancer research project.<sup>46</sup>

**Reward Model.** The most popular form of crowdfunding to date has been the reward model which has grown significantly in the funding of creative, social and entrepreneurial projects. The model allows people to contribute to projects and receive non-financial rewards in return, usually operating a tiered system where the more you donate the better the reward you receive. The model often closely resembles philanthropy with the donation far exceeding the monetary value of the reward. In many cases a significant benefit to the entrepreneur is that the reward costs them relatively little to deliver, but holds significant value to the funder, such as experience or recognition-related rewards.

### Tip 7 Market and target

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

For some projects the model is similar to a pre-sale agreement. In these cases entrepreneurs or artists crowdfund the production cost of their record, movie, game or product and allow the donors to be the first recipients once the production is complete. The reward model is operated by the large international platforms Kickstarter, Indiegogo and PledgeMusic as well as sites like WeFund, Bloom VC and Pleasefund.us in the UK.

A benefit of the model is that, unlike other forms of crowdfunding, the money does not have to be repaid. It also allows those seeking finance to keep control of their project without having to give away a stake to backers. But not all projects and businesses will be structured to operate the reward model. For example, your business may be modelled to serve a small customer base or not have the ability to provide the type of rewards likely to get funders interested.

**Lending Model.** In crowdfunded lending projects, individuals or businesses seeking debt apply through the platform uploading their pitch, with members of the crowd taking small chunks of the overall loan. One distinctive feature of the crowdfunding lending model is the transparency around who and what you are lending to. Some platforms focused on social causes offer interest-free or low-interest loans such as BuzzBnk.

Others operate more as an investment, where interest rates are decided either by those seeking the loan or using a market for loan parts, such as that used by UK platform Funding Circle or Zopa. These sites, usually referred to as peer-to-peer lenders, are underpinned by data on borrowers' credit scores so that lenders can adequately assess the risk involved in lending. This assists those with good credit scores to access the capital they need but means that those with poor scores, such as high-risk start-ups may find it difficult to access funding via the model.

**Investment Model.** The final type is the application of crowdfunding to investing for equity, or profit/revenue sharing in businesses or projects. This form of the model has been the slowest to grow due to regulatory restrictions that relate to this type of activity. Some European platforms have been pioneers of the equity crowdfunding model, allowing anyone to take a small stake in an unlisted or private business through crowdfunding. The largest sites offering this model in the UK are Crowdcube and Seedrs. This is a good source of patient capital<sup>47</sup> and as there is no upper limit on what an investor could potentially make should an investee business do very well, it can be a valuable source of finance for those businesses and projects that may be high risk but have significant potential.

**Hybrid model.** While the majority of platforms operate with only one of the models, some platforms also operate hybrid models encompassing a number of the models above. Different forms of the model may be complements as well as substitutes. Producers of the part-crowdfunded movie *Iron Sky* used both reward crowdfunding and profit-sharing crowdfunding to raise €1.2 million to fund the feature-length movie.<sup>48</sup> Examples of hybrid platforms are Buzzbnk who offer reward and lending crowdfunding and BankToTheFuture who offer reward, lending and equity.

### Tip 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.

When considering which form of crowdfunding best matches your needs there are a number of factors to consider; how much capital you need, who is likely to be interested in funding you, how much they will be willing to contribute, how much raising finance will cost and how raising a particular type of finance will affect the future development of your project. Each of the above models represents a distinctly different proposition and ensuring you select the model that suits your needs is essential for successfully raising funds from the crowd. Nesta's crowdfunding directory [CrowdingIn](#)<sup>49</sup> is a tool for finding platforms operating specific crowdfunding models in the UK.

## Earning your crowd – not money for nothing

The crowd can be brutally honest when voting with their wallets, and failure rates on most platforms are high. On Kickstarter, the flagship crowdfunding platform, only 44 per cent of campaigns reach their funding goal.<sup>50</sup>

### Tip 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.**

So while it is tempting to see crowdfunding as a quick and easy way to overcome all the barriers to accessing finance, those considering raising money from the crowd need to be aware of the challenges involved. As described by *Business Insider*, “one reason for failure is that entrepreneurs don't realise how hard it is to prepare and run a crowdfunding campaign.”<sup>51</sup>

Firstly, entrepreneurs who want to tap into the crowd for funding can't get around doing much of the upfront work that they would have had to do anyway without the crowdfunding model, including budgeting (factoring in all financial variables, from the costs of reward fulfilment to taxes) and project delivery planning.

Secondly, in the reward model in particular,<sup>52</sup> the majority of funds currently<sup>53</sup> come from those who are directed to a specific campaign from an external source. As mentioned earlier tapping up your network and potential audience using mailing lists, social media sites etc., is crucial to ensure success. As Hen Norton, co-founder of arts-focused platform WeDidThis<sup>54</sup> illustrates “if the person or organisation running the crowdfunding campaign or project does not recognise who their audience is, what their relationship with their audience is or what the potential for these relationships holds, then the tool, (the crowdfunding platform) is redundant. The platform, like much of technology, is a structure or model (just like a campaign strategy or a business model) that without the content, passion, energy and real life human networks at its core, will not succeed”.<sup>55</sup>

### Tip 10

#### Communicate with your backers

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

This requires a considerable amount of effort engaging with your community before, and especially during your funding window. Creating a buzz around your campaign and building momentum in the early part of the funding window is crucial. Ethan Mollick's study *The Dynamics of Crowdfunding: Determinants of Success and Failure*<sup>56</sup> looked across 57,860 Kickstarter campaigns and found that once campaigns have reached around 60 per cent of their target they almost always succeeded.

**Tip 10½**  
**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.**

Thirdly, engagement with your backers does not end the day the money arrives in your bank account. While in traditional forms of finance, the entrepreneur has to worry about one or a few big funders, tapping into the crowd means being responsible to a crowd of interested stakeholders, who have comments, questions and feedback on the campaign, which the entrepreneur needs to engage with. The community developed through the crowdfunding need to be managed beyond the fundraising in order to keep them updated on aspects of how the project is progressing such as delivery dates on rewards and also to maximise the other, non-financial contributions the community can make to the project.



## CASE STUDY: ZOMBIES, RUN

*“I think this is the best story-driven zombie fitness game in the world (..) But then, I think it's the only story-driven zombie fitness game in the world.”<sup>57</sup>*

On 10 October 2011, UK games developer Six to Start successfully ended its Kickstarter campaign for *Zombies, Run* having successfully raised \$72,627, greatly exceeding their original funding goal of \$12,500.<sup>58</sup>

A total of 3,464 backers had decided to support Six to Start's idea of turning an average run into a hectic zombie-infested survival game, or as the team behind the game describes *“it doesn't matter where you run, it doesn't matter how fast you run, it doesn't matter how far you run. Just run”*.

To play the game all you need to do is download and start up the app, put in your headphones and begin your run, on whatever route you choose. A narrator begins telling the story of a dystopian world full of zombies, and soon you will hear the groaning and roaring from the zombies who are chasing you. Your job now to collect ammo, medicine and batteries to survive, the quicker you run the more things you pick up.

The team behind *Zombies, Run* reckon that without crowdfunding they wouldn't have been able to raise funding for the development of the game, given how new a concept it was. As Naomi Alderman, one of the founders of Six to Start states

*“It's a game that sounds weird, and there are a lot of people out there commissioning to cover their backs. At least until you've had some success.”<sup>59</sup>*

Since successfully reaching its funding goal *Zombies, Run* has gone from success to success, at one point being number 14 on the list of top grossing apps worldwide.<sup>60</sup>

# ENDNOTES

1. <http://www.crowdsourcing.org/editorial/2013cf-the-crowdfunding-industry-report/25107>
2. <http://www.indiegogo.com/projects/world-s-first-digital-lofi-fisheye?c=activity>
3. Calculated using data scraped from individual crowdfunding platforms.
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16. <http://www.indiegogo.com/blog/2011/08/the-magic-gogofactor.html>
17. When using 'crowdfunding' in the rest of the paper we are referring to the crowdfunding from online platforms.
18. <http://gambitious.com/>
19. <http://www.indiegogo.com/truepatriot>
20. <http://www.indiegogo.com/KeithCoffey>
21. <http://www.kickstarter.com/projects/597507018/pebble-e-paper-watch-for-iphone-and-android>
22. <http://www.kickstarter.com/projects/cig/star-citizen>
23. <http://www.crowdcube.com/pg/the-thoughtful-bread-company-case-study-75>
24. Kickstarter and Indiegogo are the two largest sites as measured by amounts raised.
25. <https://unglue.it/faq/>
26. <http://unbound.co.uk/>
27. <http://www.emphas.is/web/guest>
28. <http://www.crowdcube.com/>
29. <http://seedrs.com/>
30. <http://www.crowdcube.com/investment/escape-the-city-10610>
31. <http://www.digital-spin.com/blog/?p=16>
32. <http://www.fundingcircle.com/>
33. Pierrakis, Y. and Collins, L. (2013) 'Banking on Each Other.' London: Nesta.
34. <http://www.fastcoexist.com/1681415/this-beautiful-wooden-pedestrian-bridge-was-crowdfunded-when-the-city-couldnt-pay#1>
35. <http://www.Spacehive.com>
36. <http://spacehive.com/GlyncochCC>
37. <http://www.citizeninvestor.com>
38. <http://www.citizeninvestor.com/project/philadelphia-fall-tree-planting>
39. <http://www.peoplefund.it/>
40. <http://www.solarschools.org.uk/>
41. <https://www.buzzbnk.org/>
42. <http://www.peoplefund.it/fund-bedfords-busking-festival/>
43. <https://www.buzzbnk.org/ProjectDetails.aspx?projectId=76>
44. <http://www.crowdcube.com/investment/universal-fuels-phase-1-10466>
45. <http://www.kickstarter.com/projects/1342319572/the-nifty-minidrive>
46. <http://myprojects.cancerresearchuk.org/>
47. With patient capital, the investor is willing to make a financial investment in a business with no expectation of turning a quick profit. Instead, the investor is willing to forgo an immediate return in anticipation of more substantial returns down the road. See: <http://www.businessweek.com/magazine/making-a-case-for-patient-capital-10202011.html>
48. <http://nofilmschool.com/2011/05/crowdfunded-crowdsourced-feature-iron/>
49. <http://crowdingin.com/>
50. [www.kickstarter.com/help/stats](http://www.kickstarter.com/help/stats)
51. <http://www.businessinsider.com/20-hard-questions-to-ask-before-crowdfunding-your-startup-2012-5>
52. In the equity and especially in the lending model this is not the case. The potential for making a financial gain from funding entices funders to seek out opportunities through the platform.
53. This may be due to the fact that many platforms are still quite young and have not had the opportunity to develop loyal user bases.
54. WeDidThis is now part of platform Peoplefund.it
55. <http://hennorton.blogspot.co.uk/2012/03/buildingdigitalcapacity-for-arts.htmlreneur.com/article/222813>
56. <http://www.appsblogger.com/behind-kickstarter-crowdfunding-stats/>
57. <http://www.wired.co.uk/magazine/archive/2012/02/play/on-your-marks>
58. <http://www.kickstarter.com/projects/sixtostart/zombies-run-a-running-game-and-audio-adventure-for>
59. <http://uk.gamespot.com/features/the-story-of-zombies-run-6382310/>
60. [http://www.nesta.org.uk/home/assets/features/zombie\\_fitness\\_app\\_a\\_runaway\\_success\\_for\\_uk\\_business](http://www.nesta.org.uk/home/assets/features/zombie_fitness_app_a_runaway_success_for_uk_business)

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**May 2013**

Nesta Operating Company. English charity no. 7706036. Scottish charity no. SC042833.