

Basics of Crowdfunding

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What is Crowdfunding?

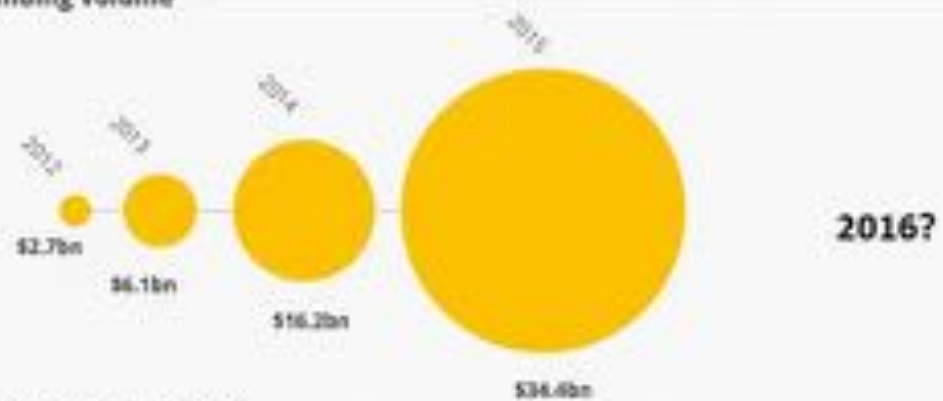
- First used by entrepreneurs to attract small-sized investments to their for-profit ventures
- A way to raise money from a large number of people through the promotion of a project fundraising campaign generally hosted on a fundraising website
- Usually smaller donations but in higher numbers
- Powered by the promotion of projects and causes through email and social networking



Types of Crowdfunding

- Equity Crowdfunding
 - Raising money for a new product or investment – exchanging equity in exchange for cash now
- Donation-based crowdfunding
 - Backers come together to support a cause – nothing in return
- Reward-based crowdfunding
 - In exchange for a pledge or donation, backers receive a gift or reward when goal has been reached or when the campaign ends

Total Funding Volume

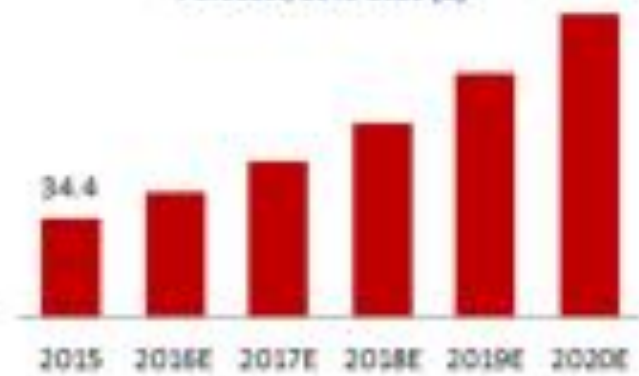


Total Funding Volume: 2015

\$34.4bn



Global Crowdfunding Forecast, 2015-2020 (E)



Values in USD Billion

Source: ITP Report on "Emerging Crowdfunding Platforms"

Current Status of Crowdfunding

- Crowdfunding market was \$34.4 Billion globally by the end of 2015
- Estimated to be a \$90-95 Billion market by 2025
- \$66 is the average donated by an individual donor
- 71% of Millennials (1980-1995) have fundraised for a non-profit
- 28% of new donors from a crowdfunding appeal will give again to the same cause!
- On average you will raise 4x as much money when campaigns are promoted by video and not just pictures or text

Fundraising Disruption



- There are some risks in every new campaign strategy
 - Losing existing benefactors for higher-priority campaigns
 - Ask for a small donation and the benefactor chooses not to donate to your annual fund -- Penny wise, pound foolish.
- The good outweighs the bad
 - New donors reached through friends of friends (more names in your database)
 - Larger reach and brand exposure as a whole
 - People are more engaged and interested in a project when they've helped make it a reality

What makes a compelling campaign?

- Full profile – Fill out every field.
 - Project-oriented
 - Pictures & Video
 - Emotional response – tell your story
 - How does this help your community?
 - Why is this important?
 - Deadlines – subtle pressure for more timely donations
 - Gift or Perk Response
 - 2012 study by Yale found that by offering “thank you” gifts in exchange for donations reduces altruism and decreases donations



Generic & Niche Platforms

- Most recognizable crowdfunding sites:
 - Kickstarter
 - Indiegogo
- Niche – non-profits, charities, social activism
 - Generosity (powered by Indiegogo)
 - Causes.com
 - MobileCause



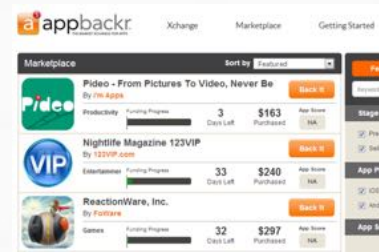
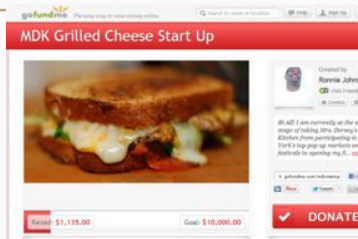
What's the difference?

- Varying credit card transaction fees
- Processing fees
 - Some are free for non-profits
 - Range as high as 15% of money raised
 - Some only pay if you reach your full goal
 - Some allow Flexible Goals
 - Will pay out no matter how much you raise in comparison to your goal
- Campaign landing page vs Individual fundraiser pages



What platform do I choose?

- Look and Feel
- Ease of Use
- Payment Processing
- Fees
- Email/Social Media Integration
- Organic Website Traction and Traffic
- Individual Fundraisers
- Promotion of Perks



How much can we raise?

- Set Realistic Goals - \$5000 or \$50000 ?
 - Create smaller campaigns for metrics before you take on bigger initiatives
 - How many donors – How many are new donors?
 - Best days and times for social posts and emails
 - Total dollar amount raised
 - Average gift amount
 - Incentive impacts
 - It all depends on your reach and your relationship with your audience
 - Will other businesses, partners or affiliates promote it?
 - Will your followers promote it?

Promoting your Campaign

- Start with your internal network
 - Share with donors, supporters, staff, volunteers, board
 - Ask them to email and share social posts regularly – To full networks and niche social groups
- Publicize the effort
 - Add it to your website
 - Link to social media
 - Local Media



Best Practices

- Crowdfunding should create a sense of urgency for a specific project – not a general fund
- Partnering with a celebrity, local business, sponsor, partner, etc. is a great way to kick start crowdfunding efforts
- Keep the community updated throughout the campaign and afterwards
- Always thank donors via email, social media, and/or handwritten notes

For more information, feel free to
contact me directly 😊

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