



CROWDFUNDING

The New Wave of Online Grassroots Fundraising

Emily Nepon

Mariposa Food Co-op supporters at their June 2011 ground breaking ceremony. Photo by Karen Kirchoff

OVER THE LAST FEW YEARS, you've probably seen lots of online fundraising campaigns spreading around social networks to raise money for creative projects, activist campaigns, or personal needs like medical expenses. These kinds of campaigns are often referred to as "crowdfunding." Like the highly visible fundraising for Obama's presidential campaign, crowdfunding works on the premise that lots of small gifts can add up to meet larger needs. Sound familiar?

Crowdfunding websites like Kickstarter, IndieGoGo, or ChipIn are online tools that make the process of grassroots fundraising accessible and fun for people who might be hesitant to participate in a call-a-thon or host a house party. Most crowdfunding sites don't require a group to have nonprofit 501(c)(3) status, providing fundraising opportunities to a wide range of projects and groups that aren't able to use traditional online fundraising sites such as JustGive or Network for Good.

The visibility of all these successful online fundraising tools helps to encourage lots of new fundraisers and donors to dream big and bring in the funds to make it happen. But not all crowdfunding campaigns are successful. A fabulous online fundraising page is just a tool—raising money still requires asking lots of people to give. Fundraisers need a large network (in this case, online) that can be mobilized to give and to spread the word and ask their networks to get involved. The general strategies of grassroots fundraising still apply: Planning, Asking, and Thanking are all crucial, and they take work! Here's how to make the most of the medium.

CHOOSING A PLATFORM

Each fundraising campaign is different, and you'll have to sort out which platform meets your specific project's needs.

The top sites share a consistent model, but they vary in terms of fees, features offered, and site traffic (see chart on page 15). For example, Kickstarter is popular because of its high site traffic, while ChipIn is great for small campaigns because it charges no fees. Give some thought to these questions:

- Is the ease of outreach worth losing up to 12% of your income to fees? Most of the sites take about 5% of the amount donated, plus you lose another 3-5% to PayPal or credit card fees. Is the ease of communicating your campaign worth the cut you'll lose? Could you raise the same money by doing personal outreach, or directing people to give through your website or send checks? If your goal is less than \$1,000, it is probably easier to raise the funds by asking directly instead—and keep that \$100 you would have lost to fees!
- Is your goal aspirational or easily within reach? Using Kickstarter, you don't get any of the money unless you reach your target amount by the deadline. That pressure can help to bring in donations, but is it worth the risk of losing all the pledges if you don't make it to the finish line? IndieGoGo charges a higher percent fee to those who don't meet their goal. In that case, once you've reached the halfway point, you'll lose less money if you invest the remaining amount (at the last minute) to meet the goal. Do you have seed funds you could put in to reach your goal?
- When do you need these funds? Sites differ in how long a campaign can continue. IndieGoGo allows up to 120 days for funding campaigns. Kickstarter campaigns can last up to 60 days, but they report most success for campaigns of 30 days or less. Be sure to look, too, for the fine print on when you'll get a check from the site—there is often a

week's hold before funds transfer into your account after the close of a campaign. If you need funds immediately, a PayPal "donate now" button or a site like ChipIn that only sends funds through PayPal may be a more direct fundraising solution.

TOP TIPS FOR CROWDFUNDING:

- **Plan, plan, plan!** Successful campaigns consistently spread the word and keep in touch with donors and supporters through updates on their giving page and regular email communication. IndieGoGo's blog reports that "On average, the campaigns on IndieGoGo that send 11 or more updates to their contributors raise 137% more money than projects that don't." Plan ahead about how you'll share your message and keep it current, and how you'll keep people coming back to your site. Filmmaker Jennifer Fox raised \$150,000 using Kickstarter—three times more than her goal! On indieWIRE's blog she explains:

Our team...discussed how the campaign would start—rather simply—and how we would keep rolling out new facets over time...This included building email lists, adding new incentives, and creating regular new videos for our website, Facebook, and Twitter that could be linked with our consistent updates on Kickstarter. We saw our campaign as having three initiatives: the web campaign, seeking out and approaching larger private donors to become Producers, and setting up Sneak Preview Benefit Screenings in key locations.

- **Choose a platform that will be easy to update.** Think ahead about a schedule of emails, postings, and updates on your giving page. Organize in advance for a packing party to send thank you notes and perks.
- **Be Strategic.** Set realistic goals and deadlines. Make a few different income plans—if you need to raise \$1,000, do you know 100 people who could each give \$10? Can you reach 500 people, with the knowledge that many will ignore the link? Be strategic about how many donors are needed to meet your goal and how long it will take to do that outreach. What contact lists do you have access to? How many people in your networks can you reach out to personally?
- **Videos make a difference.** Kickstarter's blog reports that of the first 1,000 projects successfully funded on their platform, campaigns with videos had a success rate of 54% compared to a 39% success rate for campaigns without video. Keep videos short (less than five minutes), simple, and personal. Make a clear ask early and again at the end

of the video. Make it playful and inviting—keep the fun in crowdfunding! Video quality does matter; considering your budget and the skills in your volunteer network, determine whether it makes sense to pay a professional videographer or solicit in-kind video support. One great example of a crowdfunding campaign is How Philly Moves (kickstarter.com/projects/jtiziou/how-philly-moves), which raised more than the \$25,000 goal from a 2.25 minute video with simple editing. The video features short clips of the people involved, and perks include greeting cards made with compelling photos of the project. Another great video helped the Heels on Wheels Roadshow (kickstarter.com/projects/962427077/heels-on-wheels-roadshow-2011-gas-fund) raise more than their \$950 goal. That video was shot in 45 minutes with a glittery background, fun outfits, and goofy props. The Heels on Wheels Roadshow raised money and increased turnout by spreading the word about their tour through wide social networks.

- **Tell a personal story.** As in any grassroots fundraising, we know that most people give to people. "Who" is as important as "what" in this model. Successful campaigns introduce the people raising money and benefiting from the campaign, and tell their stories. Be specific about where the money will go, and be creative about how to show it in a video. Often we're asking people to invest in a vision—so make it easy to imagine the outcome, and be clear that all the pieces are there and you just need the money.
- **Offer rewards.** Mobilize your community to donate items and services to use as "perks," such as T-shirts, VIP passes to events, or downloadable copies of any media you're producing. Remember that all of the people you ask (personally) for in-kind donations can be on your outreach team because they're already invested in your success. Think of items that relate to your campaign, and get creative—but keep it simple! Perks can help get people excited about the campaign, but you want people to donate because of the project you're promoting, not because you're offering them something in return. Be careful that you're not losing money on perks—consider the cost of materials, mailing, and labor.
- **Offer incentives.** Consider promotions and matching gift pledges. Spread the word that the next 10 donors will receive a certain perk or that donations over the next three days are matched by an anonymous donor. A challenge match can also be a compelling ask for a major donor to support your campaign.

Personal outreach makes it happen. Send your own personal emails to friends, family, and email lists. Post to social networks,

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websites, and blogs. Cast a wide outreach net while also making strategic, explicit asks in the same ways that you would with any other fundraising campaign. Covering a talk by Kickstarter co-founder Yancey Strickler, PDNPulse.com reports that "strangers generally only begin donating after a project has at least 70 percent of its fundraising and a goal seems within reach." It also shares that "A review of Kickstarter traffic has shown that emails that are personalized drive the most traffic. Facebook is the second most effective way to send traffic to a project," and it quotes Strickler as saying, "Twitter is useless for fundraising."

Thank before you bank—still true! As the gifts roll in, send personal thank you emails to donors letting them know they'll also get a real thank you (and any selected perks) when the campaign ends. Encourage donors to share with their networks, and don't forget to send them updates as the campaign moves along and reaches that deadline!

Crowdfunding campaigns are a great tool to engage and energize supporters, bring in new donors, and spread the word about your important work! ■

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CASE STUDY: Food Co-op Exceeds Goal with Crowdsourcing Fundraising

WEST PHILADELPHIA'S MARIPOSA FOOD CO-OP IS MOVING from its tiny storefront home of 30 years to a building with five times as much space. Not a 501(c)(3), the co-op's total capital campaign goal is in the millions, with much of the funding coming from public and private financing and hundreds of member loans and investments. To generate media attention and spread the need through wider networks, Mariposa created an IndieGoGo campaign with a goal of raising \$10,000 from non-members—including members' friends and families across the country. Here's what made this campaign a success:

- Co-op members fulfilled work-shift hours by volunteering their skills and labor to film and edit a high-quality video. The filmmakers researched similar campaigns to see what was most effective and wrote a script to make sure the video would stay short and tell a clear story.
- Expansion committee members, board members, staff, and other long-time members participated in telling the story in the film—including a star appearance by the young (and extremely cute) child of one staff member.
- Mariposa spread the word about the fundraising campaign through their website, member email list, Facebook, "Friends of Mariposa" email list, and the personal networks of expansion committee members and board members.
- Members received work-shift hours for designing and creating items for perks, including pins, water bottles, and reusable shopping bags.
- Mariposa's fundraising consultant successfully solicited a popular local music booking organization, R5 Productions, to match gifts up to a total of \$5,000. The day that R5 Productions sent a personal email to their list, the Mariposa campaign skyrocketed by 92 gifts totaling \$2,700. In the next few days, another \$3,800 came in from 62 more gifts.

In the end, Mariposa raised \$8,000 from 192 new donors. In addition, Mariposa received the full \$5,000 challenge gift. The campaign received great media attention, including front page listing on IndieGoGo and mention on their Twitter feed, which helped to spread the word and bring in new members and more donations as well as provide press for R5 Productions.

TOP CROWDFUNDING SITES

Although there are many crowdfunding websites available, we chose our top five through weighing a combination of factors, including: site traffic, name recognition, fee structure, and accessibility to non-501(c)(3) fundraising.

SITE	PROCESSING FEE (% of donation)	ADDITIONAL PAYPAL/ CREDIT CARD FEES (% of donation)	INCOME STREAM OPTIONS	DAILY UNIQUE VISITS*	BEST KNOWN FOR	FEATURES OFFERED	NOTES
chipin.com	0%	3-5%	PayPal, credit/debit	6K	Low-tech fundraising widget for no added fee	Somewhat customizable campaign page. Image embedding. Widget to share campaign.	Few bells and whistles, no technical support, and outdated website. However, it also takes no direct fee, so campaigns only lose PayPal processing fees.
firstgiving.com	5%	2.5%	credit/debit	15K	Large group fundraising campaigns and events with individual and team pages, such as AIDS Ride for Life	Customizable campaign pages for nonprofits, fundraising teams, and individuals. Video and Image embedding. Share updates. Donor comments. Widget to share campaign. Tax-deductible donations only. Support through email, online chat, phone, or twitter.	Works like online donation processing sites Network For Good or JustGive. Only available for 501(c)(3)s.
gofundme.com	5%	3-5%	PayPal, credit/debit	4K	Personal fundraising campaigns such as celebrations and events, health care costs, etc	Customizable campaign page. Video and Image embedding. Share updates. Offer perks. Donor comments. Widget to share campaign. Tax-deductible donations only. Support via email. Wish list section where donors can choose to give to a specific item (such as airfare for a honeymoon).	
indiegogo.com	4-9%	3-5%	PayPal, credit/debit, check	8K	Project categories include creative, cause, & entrepreneurial. Calls itself "World's leading international funding platform."	Customizable campaign page. Video and image embedding. Offer perks. Share updates. Donor comments. Widget to share campaign. Options for receiving tax-deductible donations. Partnership with arts orgs, including fiscal sponsors; all partners have curated sections of their connected projects. Customer support via email.	4% fee if goal is met goes up to 9% if goal not met.
kickstarter.com	5%	3-5%	Amazon	30K	Funding creative arts & technology projects	Customizable campaign page. Video and image embedding. Offer perks. Share updates. Donor comments. Widget to share campaign. High-visibility front page featuring campaigns. "Curated Pages" offer projects related to creative groups, including schools, museums, festivals, etc. Customer support via email.	Top site for name recognition and traffic. If you don't meet goal, all donations are returned. All projects must apply to Kickstarter for approval.

*Averages based on Google reports of estimated site traffic for the past 18 months.