

# Crowdfunding for Entrepreneurs



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# What Is Crowdfunding? Essential Answers for Entrepreneurs

Congratulations—you've started a business. Go, you! Probably, soon after you opened your doors or hung out your virtual shingle, a singular thought came to you: This business needs money.

**Crowdfunding is an increasingly popular way to get those funds—and this e-book is your shortcut to success.**

What are your other fundraising options? Maybe you've got a rich uncle. Or you've got a stellar credit rating, and are willing to risk your home to take out a personal loan to fuel your [startup](#).

If you don't have either of those options, there's crowdfunding.

What is crowdfunding, exactly? This e-book will walk you through everything you need to know about raising money online: You'll get a solid crowdfunding definition, learn how it works, and find out how to make your campaign a success.

There's a lot to know if you want to win at crowdfunding (including several different basic methods). So I've rounded up tips from top experts, included my own insights from covering the sector for over a decade, and offered loads of examples to inspire and guide your journey.

We won't only address the phenomenon of crowdfunding; we'll look at what crowdfunding is for entrepreneurs specifically. That's why this isn't just any old e-book about crowdfunding—it's your insider's guide.

## Who I Am



**Carol Tice**

How did I come to write a book about crowdfunding? I'm a longtime business reporter who began [reporting on crowdfunding](#) way back when crowdlending platform Prosper.com first hit the United States in 2006. I've since also been a crowdlending investor.

Over the years, I've spoken with many entrepreneurs in various industries about their campaigns, both successful and not. More recently, I've reported on crowdfunding for Forbes.com, most notably [this piece](#). I hate seeing entrepreneurs waste time and energy, so I've written this e-book to help you avoid common [crowdfunding](#) mistakes.

**Ready to get started raising money for your startup? To begin, let's answer the primary question: 'What is crowdfunding?'**

# A Crowdfunding Definition

There are a lot of crowdfunding definitions bouncing around online—so if you're a little confused about it, don't feel alone. Let's iron this out right now!

What is crowdfunding? Below is the definition we'll use in this e-book (inspired in part by [this definition](#) on Investopedia):

***“Crowdfunding is the raising of small amounts of money from a large number of individuals.”***

Some crowdfunding definitions state that crowdfunding is a vehicle only for startups, but that's not true. Crowdfunding can be used to raise funds for established businesses, charities, and individuals, too. Others refer to crowdfunding as *using* money from many investors, but that part happens after you crowdfund.

For the purposes of this e-book, think of crowdfunding simply as the activity of raising funds from many people.

# How Popular Is Crowdfunding?

Since crowdfunding began in the early 2000s, it's seen skyrocketing growth. In little more than a decade, crowdfunding transactions in the U.S. shot from zero to a projected \$1 billion in 2018, statistics portal Statista [forecasts](#). Statista projects that U.S. crowdfunding will grow 50% to just over \$1.5 billion in 2022.

The global crowdfunding projection is even bigger:



## To sum up: Crowdfunding is big business!

Worldwide, crowdfunding is a \$7.5 billion industry, including all funds raised online by individuals, nonprofits, and businesses. In the U.S., over 188,000 parties will receive crowdfunded dollars in 2018, with an average of \$5,500 raised per campaign, Statista says.

Ready to get your startup some money? Let's take a look at how crowdfunding is done.

# How Does Crowdfunding Work?

What is crowdfunding? At its essence, it involves your startup's soliciting many backers online. Okay, but you may be asking—what is the *process* of crowdfunding, exactly?

**Think of the road to your successful campaign as something you build step-by-step.**

Here's a quick road map:

## ▶ Pick a Project or Product

Most crowdfunding platforms—particularly rewards-based platforms—require that you raise money for a specific, definable activity. Vague proclamations of growth or [cash-flow needs](#) won't cut it. To begin, you'll need to know what the money raised will fund.

## ▶ Set a Budget and Goal

What funds do you have available for creating and [marketing](#) this crowdfunding campaign? What will it cost to deliver your rewards? Figure it out now.

How much can you realistically raise? It's key that you choose a goal you think you can achieve. Some startups set a very low goal their first time out, to be sure they make it.

## ▶ **Choose a Time Frame and Method**

The best crowdfunding campaigns have a set time limit for fundraising. You'll need to decide your time frame and deadline.

Choose whether you're pursuing rewards, equity, or loan-based crowdfunding (more on these below). If you're choosing equity, start preparing the required legal paperwork.

## ▶ **Pick a Crowdfunding Platform**

Every platform has its own rules, so pick the one that best suits your startup's situation (see the following chapter for comparisons of the top players' models).

On some crowdfunding platforms, if you don't hit your goal by the deadline, your startup will get zero, a system known as 'all or nothing.'

Other platforms allow you to keep whatever you raise. Still others allow you to fundraise perpetually, or to continue raising more if you meet your goal by the deadline.

## ▶ **Pre-Publicize**

If there's one thing crowdfunding experts agree on, it's that you need to build an audience well in advance of your campaign launch (unless you're doing equity crowdfunding—more on that later).

## ▶ Create a Marketing Plan

Know in advance exactly how you'll promote your crowdfunding campaign.

Will you do daily video updates live on Facebook? Do you have a 'street team' of raving fans who'll be talking about your campaign on [social media](#)?

Figure out all the ways you could promote your campaign—and most importantly, who will be in charge of executing each marketing activity.

## ▶ Create Your Crowdfunding Campaign

Once you think you've got a following large enough to support your fundraising goals, it's time to create your campaign page. Choose your rewards if using rewards-based crowdfunding, prepare your paperwork for equity fundraising, and get ready to tell your story.

### Launch

From launch day on, you'll need to promote, promote, promote the heck out of your campaign. Be actively involved in generating excitement around your launch. The first few days are key, as strong initial backing tends to attract more investors to your page.

### Communicate

While your campaign is running, communicate often with backers. Promptly answer any questions prospective backers have.

## **Fulfill**

Once your campaign ends, if you're doing a rewards-based fundraiser, you'll need to quickly get your rewards out to your backers. If there are any delays, communicate right away and let funders know what to expect. Keep equity investors updated and engaged.

## **Reflect**

After your campaign is over, it's good to take time to review what went right and wrong. Document what happened, so that if you go out to raise money again, you benefit from lessons learned the first time.

# What Is Crowdfunding For Business?

Why are so many entrepreneurs excited about crowdfunding? What is crowdfunding's appeal? Well, prior to the past decade or so, it was nearly impossible to quickly raise business funding from many investors at once.

If you needed capital for your startup, your options were limited before crowdfunding came along. Entrepreneurs tapped that wealthy uncle, got a bank loan, self-funded, or raised funds from wealthy individual 'angel' investors or venture capital (VC) firms.

That is, *if* you could attract angels or VC firms. Mostly, many startups simply didn't get funded. As a result, many startups grew very slowly, or flat-out went bust.

**By contrast, crowdfunding offers entrepreneurs an easier route to startup fundraising.**

## THE DIFFERENCE IN A NUTSHELL

If a company needs to raise \$30,000, the founders might find three angels to invest \$10,000 apiece. Or, in a crowdfunding campaign, 300 investors might contribute \$100 apiece (or 3,000 investors commit \$10 apiece). Magical! It's usually easier to get many people to pony up a small amount than it is to get a few people to put up a bundle each.

In theory, you could do crowdfunding without the internet, by knocking on many doors or making hundreds of phone calls or emails to assemble your 'crowd.' But in reality, that's just too hard to accomplish.

**The internet makes it possible to more easily connect to hundreds (or thousands) of people who could each contribute a small amount of funding. The web also helps entrepreneurs track and fulfill on rewards promised to their backers. Online fundraising has enabled many more startups to find the capital they need to grow.**

Now that we've answered the basic 'What is crowdfunding?' question, let's look at why businesses are increasingly making use of this form of fundraising.

# The Benefits of Crowdfunding For Your Business

Now that you have a basic understanding of what crowdfunding is, let's talk about the many ways a campaign could benefit you.

## HINT

Crowdfunding can bring your startup much more than just a cash injection.

Here are the top fringe benefits to raising business capital online:

### ▶ **Conduct Market Research**

Running a campaign is a great way to get quick, real-world feedback on your product or service. Would customers prefer your widget in a different size or color, or with different features? You can offer a range of choices in your campaign and see what's most popular. The comments you get in a campaign can help you quickly adjust your offering to [make more sales](#).

### ▶ **Build Your Audience**

A popular campaign will attract new customers through the platform you choose—people who've never heard of your brand before. You can emerge from a crowdfunding round with a bigger [customer](#) or prospect list to mine in future.

## ▶ **Raise Your Profile**

A successful campaign can draw lots of free publicity, as newspapers, magazines, and blogs spotlight what you've done. Appearing in the media conveys legitimacy and may open the door to future opportunities.

## ▶ **Impress Angel Investors**

Angel investors and VC firms love to see a successful history of previous fundraising. Your effort may attract investors who offer traditional funding later on, as well as expertise to help your business grow.

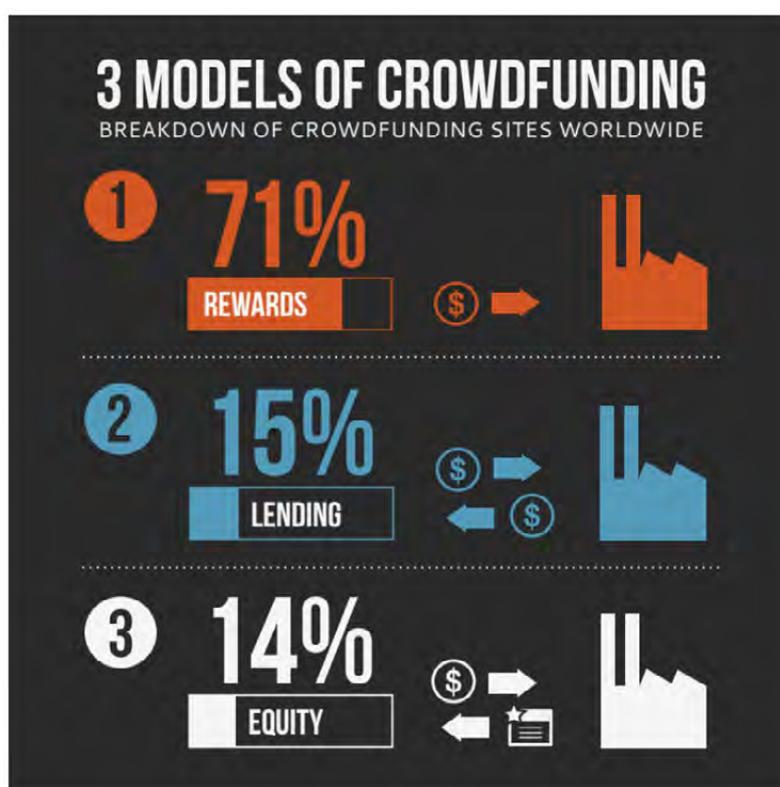
## ▶ **Get Brand Ambassadors**

People who invest in campaigns tend to get super-excited about what you offer. As you build fans, they'll light up social media, becoming a source of free publicity and positive buzz.

Now that you understand the many benefits to crowdfunding, let's talk about exactly how to do it. There are three different types of crowdfunding that startups can take advantage of—and the next section details how each one works.

# Three Types of Crowdfunding For Business

There are three basic types or flavors of online fundraising for business (plus one other type that doesn't work well for startups): rewards-based crowdfunding, peer-to-peer lending or crowdlending, and equity crowdfunding. The chart below shows the popularity of each of the three main types.



[Source](#)

Let's run these crowdfunding types down, one at a time:

## 1. Rewards-Based Crowdfunding

As you can see from the chart above, this is the most popular type. It's also the one most people know about, thanks to the high visibility of top platforms [Kickstarter](#) and [Indiegogo](#).

In rewards-based crowdfunding, your startup seeks to raise money for a new product or project. To incentivize funders to participate in your campaign, your business offers them rewards. Rewards-based crowdfunding can be a great way to [start a successful e-commerce store](#). You can crowdfund for products of every type, from tech gadgets to [T-shirts](#).

For instance, if you're creating a new wristwatch, your campaign might offer funders the chance to get that new watch first, before it's publicly sold. Backers often get a discount off planned retail prices, or a chance to get limited-edition colors or added features. They might also get insider access, such as a factory tour or a call with the founder.

PROS	CONS
The prime advantage of rewards-based crowdfunding is that you don't give up any ownership or equity in your company. Instead, you essentially take pre-orders for your next product or program. This early money can pay a factory that requires an up-front deposit to manufacture your goods. Also, the funding you receive in a rewards-based campaign isn't debt, so you have no loan payments to make.	In rewards-based crowdfunding, you have to deliver the rewards you've promised. The pressure to quickly create and deliver your promised rewards can be intense. Failure to deliver rewards can <a href="#">damage your company's reputation</a> , and your startup can end up <a href="#">getting sued</a> .

## 2. Equity-Based Crowdfunding

A small portion of startups elect to tap the online investor crowd to raise money. This is the world of equity-based crowdfunding, which is also known as crowdfunding. Raising equity online from a large pool of investors has requirements that many startups won't be able to meet. Big picture: There's a lot more paperwork and cost to doing crowdfunding than there is in rewards-based fundraising.

**But plenty of startups find it well worth the effort.**

### IMPORTANT NOTE

**You cannot use equity crowdfunding if you're a convicted felon. Move on to check out the other types of crowdfunding.**

In America, there are several different defined methods for equity crowdfunding, which I describe below. (Outside the U.S.? You'll need to research regulations in your country.)

Raising money with equity crowdfunding usually means you'll be giving up some ownership of your startup. There's a decent amount of jargon used in equity crowdfunding, so I'm going to break it down for you. Here are the equity-based options:

## Forms of equity crowdfunding

Most equity crowdfunding investments online take one of a few basic forms, in terms of what investors get for their money:

**Common or preferred stock**—Your investors accept privately issued shares of stock in your company in exchange for their investment. The shares grow in value if your company's value grows over time and shrink if it declines.

**Convertible debt**—Investor-backed debt isn't like getting a crowdfunded loan. You don't owe monthly loan payments.

Instead, this debt converts into an equity ownership stake in your company at a future point. The conversion happens if your startup has a 'trigger event,' such as the completion of a new fundraising round, company sale, or initial public stock offering (IPO). These are complex deals—you will owe interest when this debt converts to equity, and will need to negotiate a valuation 'cap' that limits how much equity investors can gain.

**A SAFE**—An alternative to convertible debt, a SAFE (Simple Agreement for Future Equity) gives investors the right to purchase company stock when the next round of fundraising happens. As with convertible debt, you'll set a valuation cap.

**Revenue share**—In a revenue-share equity deal, you pay back your investors out of your monthly revenue until the investment is paid off, plus a profit of usually about 50%, says Bill Clark, founder/CEO of the equity crowdfunding platform Microventures. The win here? You retain full ownership of your startup.

Now that you know the basic forms an equity deal can take, you need to decide what type of equity fundraising you want to do. There are three different rules under which you can do equity crowdfunding in the U.S. The right one for you will depend on your startup's track record and how much you want to raise.

Here's a quick look at the three options:

### Equity crowdfunding: Three regulations to know

- 1. Regulation CF or Regulation Crowdfunding** allows startups to raise up to \$1 million (\$1,070,000, to be precise) from non-accredited investors. Most equity fundraising online is Regulation CF.
- 2. Regulation A+** allows businesses to sell shares of company stock to non-accredited investors through an online IPO, raising up to \$50 million.
- 3. Regulation D** allows startups to raise unlimited funds, but only from accredited investors. This is basically the old-fashioned way to raise equity, brought online. Only a few online platforms offer Regulation D equity crowdfunding.

**PROS**

Equity crowdfunding online allows you to connect with investors outside your own network. You can also often raise larger sums than companies typically get in rewards-based crowdfunding. Some of these online investors may also prove to be good connections, brand ambassadors, or mentors for your business.

**CONS**

Get ready to climb a costly paperwork mountain to qualify for equity crowdfunding (bare bones, you're spending several thousand dollars). You'll need to hire an accountant (or two) and a lawyer to help you file required federal or country-specific legal paperwork.

There's a lot of regulatory-compliance hoops to jump through. You'll also need to find an equity platform to accept your campaign—and many accept only a small percentage of companies that apply. This all takes time, and it may delay your progress.

### 3. Peer-to-Peer Lending

Unlike equity-based crowdfunding websites, peer-to-peer or P2P lending (as it's widely known) is simple. You're getting a loan online from many individuals, rather than from a bank. This is why P2P lending is also called crowdlending.

Your credit score (and other factors, on some platforms) will be considered in determining your interest rate. A few platforms offer other forms of loans, such as revolving business lines of credit, or contract financing, also known as a [purchase-order loan](#).

Business owners love peer-to-peer lending—Statista forecasts \$383 million in [crowdfunded business loans](#) will happen in 2018, and that figure shoots to over \$686 million by 2022.

PROS	CONS
While rewards-based crowdfunding is always for a specific product or project, a P2P loan may be used for broader company objectives. If you've been turned down for a bank loan or think you wouldn't qualify for a traditional loan, crowdlending may be a viable alternative. Approvals can take as little as a single day. Most loans have no pre-payment penalties—so if you're able to pay your loan off sooner than the term, you can save on interest.	If you have bad credit, interest rates may be sky-high (nearly 36%) with crowdlending. Paying high interest rates can drain your business of needed cash. If you fail to make your loan payments on time, it can impact your credit rating. Also, the amount you can raise through crowdlending is relatively modest—think \$100,000–\$300,000, depending on the platform.

# About Donation-Based Crowdfunding

You may know of platforms such as [GoFundMe](#) or [CrowdRise](#), where individuals and charities raise money for a cause—say, to help Joey get the money for a needed operation, or to open a soup kitchen. This is known as the **donation model**—and in general, it’s not for businesses.

Why can’t you get crowdfunded handouts for your startup? It’s because few people want to donate to a for-profit business. They can’t get a tax deduction, and donors wonder why you want charity when you’re in business to [make money](#).

You can see businesses trying to solicit donations on these sorts of platforms—but mostly, they don’t get many takers. On GoFundMe recently, the few business-focused campaigns running were all for retail businesses seeking funds because their store had burned down, or they had lost their lease.

**This model might bring you a one-time bailout from an unexpected cash crisis, but it’s a long shot. Beyond this, donation-based platforms aren’t of much use to entrepreneurs.**

If you began this e-book a total newbie—wondering, “What is crowdfunding?”—you should have that question answered now. Let’s move on to answer some other common questions about crowdfunding.

# Top Questions on Crowdfunding

What do entrepreneurs want to know? Let's run down a few FAQs:

**Q: What is the difference between crowdfunding and fundraising?**

**A:** Fundraising *might* be something that happens offline, while crowdfunding only happens online. Fundraising is a term you'll hear more in the non-profit sector, not in business. Of course, crowdfunding is a way of raising funds, which is why people get confused.

**Q: What can crowdfunding be used for?**

**A:** Anything that's agreed upon in your campaign. Most rewards-based crowdfunding is done for a particular new product or project, though.

**Q: What is a crowdfunding loan?**

**A:** With a crowdfunded loan, instead of borrowing money from a bank, your startup borrows money online from many individuals via an online portal. See the section above on P2P lending, a/k/a crowdlending.

**Q. Is equity crowdfunding a good idea?**

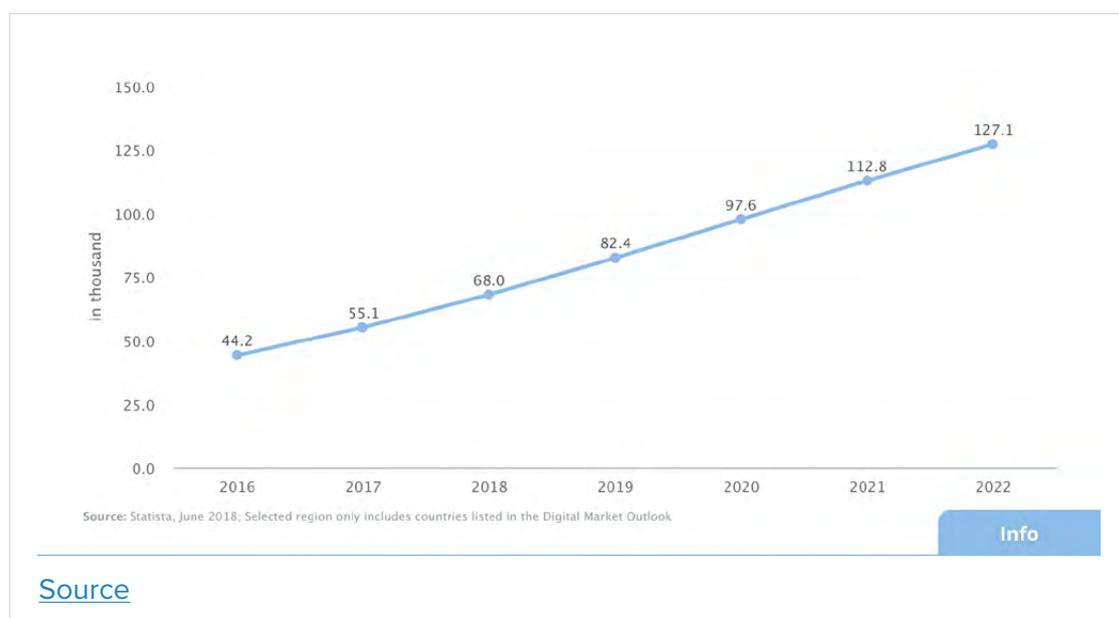
**A:** It sure can be! But if you're someone who wants to retain 100% ownership of your company, the world of handing out equity isn't for you (though some types of equity deals let you retain full ownership).

Equity fundraising is often not an option for companies with green managers, no track record of revenue, and no prominent advisors or investors. If you plan to keep your company for decades and not sell it, raise any additional funding, or go public, investors may not be interested.

But if you have an exit plan for your startup, and you feel comfortable giving up a small stake in your business exchange for getting savvy investors who might help you achieve greater success, equity crowdfunding could be well worth it.

### Q. Does equity crowdfunding work?

**A:** Certainly! Some 68,000 companies worldwide will raise \$11.2 billion in equity crowdfunding in 2018, Statista forecasts, raising an average of just under \$165,000. By 2022, global crowdfunding will rise to \$31.3 billion, Statista projects, with the number of transactions nearly double as well:



### Q. What can equity crowdfunding be used for?

**A:** Any purpose you define to your investors. Startups have used equity crowdfunding to fuel [marketing](#) campaigns, add new locations, develop new products and services, make hires, purchase inventory, and more.

Hopefully, these FAQs cleared up any remaining questions you had about crowdfunding basics. Check out this case study to learn more:

## The \$1M Travel Bag: Inside Nomad Lane's Indiegogo Win



**INDEMAND**

### The Bento Bag: Most Thoughtful Travel Bag Ever

Lightweight personal item bag. Charges your phone, fits under the seat, a pocket for everything.

PROJECT OWNER

**Nomad Lane**  
New York, United States  
1 Campaign | [More](#)

**\$1,141,821** USD total funds raised  
6850% funded on August 14, 2018

[♥](#) [f](#) [t](#) [@](#) [</>](#)

How do you end up creating one of the hottest pieces of luggage in recent history? It helps to travel a lot.

Kishore Vasnani and his wife, Vanessa Jeswani, had lived a jet-setting lifestyle for years, traveling to visit her relatives in the Philippines, taking off to his jobs in Atlanta and New York City, plus hitting up vacation destinations galore. In 2017, the pair decided to pool their talents to create a travel-themed company that supported their own nomadic lifestyle.

At first, Nomad Lane stocked existing travel products such as baggage tags and passport holders, but soon the couple started thinking about creating unique products of their own. Oneplus: Jeswani's family had manufacturing experience.

Their first product, the Bento Bag, turned out to be a smash [hit on Indiegogo](#), raising just over \$1 million in August 2018. It was the couple's first crowdfunding campaign, and they'd initially set their goal at just \$15,000.

How did they choose Indiegogo? It turns out, Indiegogo chose them. The crowdfunding platform poached them after execs saw a [media mention](#) of the Bento Bag in *Fast Company* (that Jeswani cannily scored a few months before the crowdfunding campaign). It reported that the couple planned to use rival Kickstarter.

There are a million travel bags on the market already. How did the Bento Bag, with its many compartments and handy phone-charger pockets, stand out? The battle plan began roughly five months before the crowdfunding campaign, with hard scrutiny of costs and [manufacturing](#) needs to make sure the pair could deliver the Bento Bag as promised and make a profit at retail after the campaign.

“We didn’t say this is the best bag, or the ultimate bag,” Vasnani says. “We said, ‘We have put a lot of thought into the design of this bag.’ We had a pre-launch landing page saying, ‘A thoughtful bag is coming soon,’ ” with a photo of it under an airplane seat.

“Then we ran some Facebook ads for \$5–\$10 a day, saying, ‘We’re launching soon, put in an email to get a discount.’ ”

These moves built a 5,000-person list Nomad Lane could tap when their campaign went live. A special pre-launch page link went out only to the list that showed a sneak peek at the [product features](#). This drummed up support for the Indiegogo campaign the day it went live.

This allowed Nomad Lane to meet its fundraising goal on day one—a move that generates heavy buzz for a campaign and helped the startup get featured on Indiegogo’s home page.

How did they keep momentum rolling from there?

“We started listening to people,” Vasnani says. “My advice? If you’re awake and someone messages you during a campaign, just immediately reply. If you look at our comments section, I have meticulously replied to every single comment. As a startup competing with major, \$50 million brands, we need every advantage we can get.”

With \$800,000 raised midway through, Jeswani’s media savvy brought another [big score](#): a Forbes profile on the bag’s crowdfunding success. That exposure helped put the Bento Bag over the \$1 million mark, Vasnani says.

In the end, Nomad Lane put 7,000 bags into customers' hands, giving the brand exposure and a chance to build buzz. Next, they're hoping to make more sales at retail prices and begin profiting from their exposure on Indiegogo.



**Kishore Vasnani**



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# Best Crowdfunding Sites For Entrepreneurs: The Top 20

Creating a top-20 list of the best crowdfunding sites isn't easy. There are many ways to evaluate who's the biggest or best. So there isn't one, simple answer to the question, "What is the best crowdfunding website?"

There are hundreds of rewards-based crowdfunding platforms, and more launch each year. For instance, here's a list of the 43 U.S.-based [equity crowdfunding sites](#) regulated by FINRA (the Financial Industry Regulatory Authority).

This top 20 list features a mix of all three main types of the best crowdfunding sites for [entrepreneurs](#) to use: rewards, equity, and crowdlending. Among the metrics that made a platform stand out and earn inclusion:

- Total funded over time
- Average amount raised per campaign
- Number of successful campaigns
- Percentage of campaigns that met their fundraising goal
- Average days to successful funding
- Top platform in a major country
- Fast growing crowdfunding sites

#### ONE NOTE

**When you're looking at choosing a crowdfunding website, be sure to research whether the platform does many campaigns in your industry. Some do only technology, or movies, while some take nearly all comers, from [e-commerce stores](#) to manufactured goods.**

Statistics below are as of fall 2018, with all figures rounded off. You'll see that some platforms share a lot of data about their success, while others are less transparent.

This list groups crowdfunding platforms by type, with the top two players appearing first. Beyond there, my list of the best crowdfunding sites are listed alphabetically within each category.

## Rewards-Based Crowdfunding Sites

### **Kickstarter** (rewards only)

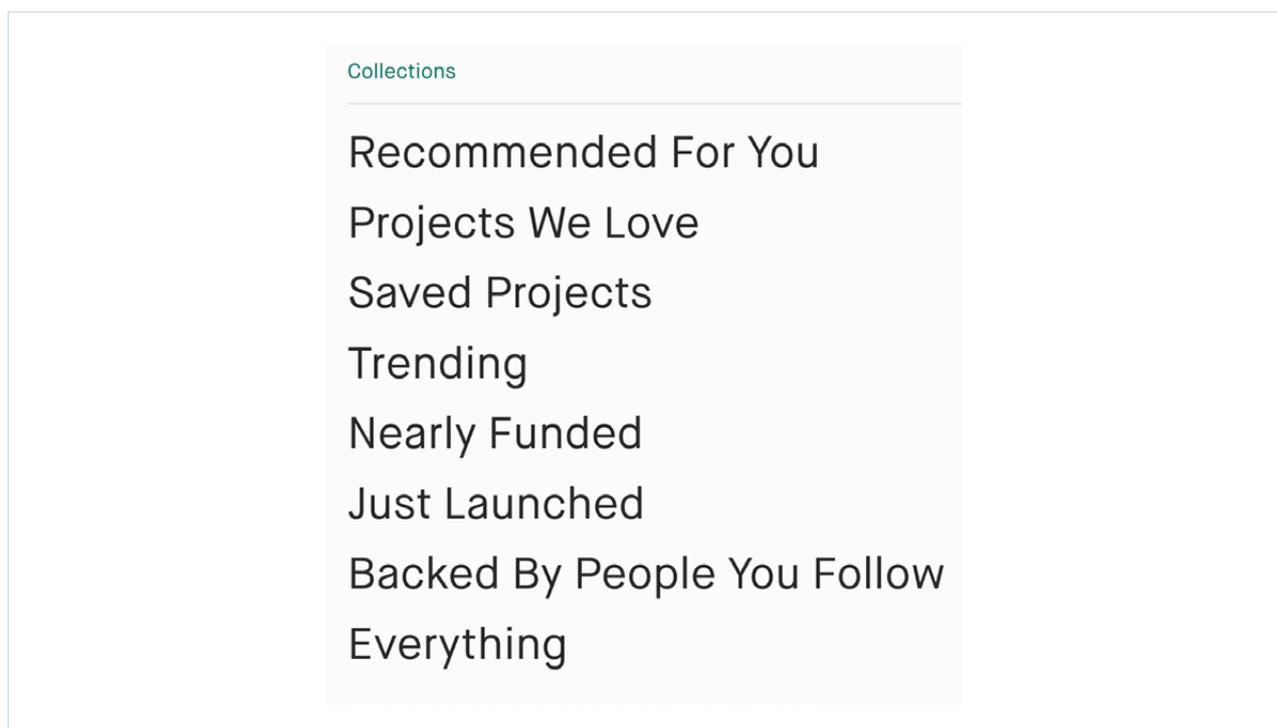
<b>KICKSTARTER</b>	
TOTAL BACKERS 15,196,168	FUNDED PROJECTS 150,521

Founded in 2009, Kickstarter has seen over 150,000 successful projects funded and \$3.43 billion pledged to its successful campaigns (see all its [stats here](#)).

Why use Kickstarter? Many startup owners think Kickstarter is the best of the crowdfunding sites—but note that only 36% of Kickstarter campaigns are successful. That's a fairly low figure compared to many other crowdfunding sites.

**Wondering how Kickstarter works? Your goal on here is to stand out from the crowd and get into one of their featured categories. Many backers rely on these “best of” lists for guidance, so you want to appear here.**

Check out some of the cool projects that appear when I check the Kickstarter team’s “Projects We Love” for U.S.-based tech campaigns:



Most successful projects raise under \$10,000, Kickstarter says, though a growing number of successful campaigns are in the \$100,000–\$10 million range. As I said, despite being *the* brand name in crowdfunding sites, it has a fairly low success rate: just over a third of all campaigns are funded.

### BONUS TO CHECKING OUT KICKSTARTER

It's a great place to find cutting-edge new products you might want to sell online.

## Fees

In the U.S., Kickstarter collects 5% of funds collected on successful campaigns, plus a processing fee of 3% + \$.20 per pledge. Pledges under \$10 have discounted fees.

## Features

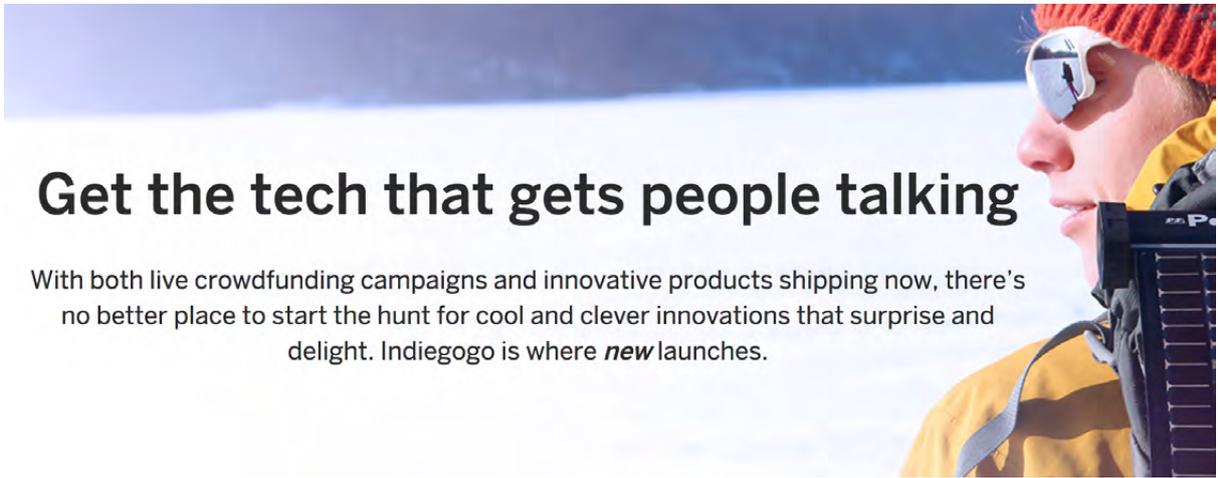
Crowdfunding on Kickstarter is “all or nothing.” Translation: If your business doesn't reach its goal, you get zero money. So think carefully about what's realistic for you, and don't overreach! Kickstarter has a handbook to help you.

On Kickstarter, 13% of campaigns fail to get a single pledge—but 78% of campaigns that raised 20% or more of their goal succeed. Takeaway: Get initial backers fast, so your campaign shows early progress.

## Recent Success

German company The Outsider Team's FLECTR 360 Omni bicycle reflector system, which exceeded its \$4,095 pledge goal by nearly 2,000%, raising \$82,000.

## Indiegogo (rewards & equity)



**Get the tech that gets people talking**

With both live crowdfunding campaigns and innovative products shipping now, there's no better place to start the hunt for cool and clever innovations that surprise and delight. Indiegogo is where *new* launches.

Founded in 2007, Indiegogo reports \$1.5 billion raised on over 650,000 projects (see more stats [here](#)). Indiegogo also launched a [program for Chinese entrepreneurs](#) in 2015, which has raised nearly \$100 million. As you can see from the Indiegogo home-page header, tech is a big focus here:

### Fees

[Fees](#) are 5% plus processing fees via Stripe of 3% + \$.30. As with most platforms, there are no fees charged if you fail to make a fixed all-or-nothing funding goal.

### Features

Indiegogo has a lot of moving parts. It's unusual among crowdfunding websites in offering the option to keep whatever you raise, even if you fall short of your goal (known as "[flexible funding](#)"). You can also run all-or-nothing campaigns ("fixed funding").

Like archrival Kickstarter and many other of the top crowdfunding sites, they offer a how-to [handbook](#). Other unique features:

- **InDemand**—With this feature, if you make your fundraising goal, you can keep going and solicit more backers indefinitely.
- **Marketplace**—For product makers, after your startup’s campaign finishes and your [product](#) is ready, you can sell it on Indiegogo’s Marketplace. Hello, great exposure!
- **Equity**—Since 2016, Indiegogo has offered equity crowdfunding through a partnership with equity platform Microventures (see below for more on them). Their [joint crowdfunding](#) platform, First Democracy VC, has seen 40 successful campaigns.
- **Transfer**—If you’ve done a successful campaign on other crowdfunding websites, you can switch over to Indiegogo to raise more.

Indiegogo accepts campaigns in three major buckets: [Tech](#) & Innovation, Creative Works, and Community Projects.

### Recent Success

Would you believe a toothbrush for dogs? Bristly of Los Angeles raised over \$600,000 from nearly [3,000 backers](#), a 3,900% overachieve. That was a follow-on raise for Bristly—the startup transferred to Indiegogo after raising \$466,000 elsewhere.

## Crowd Supply (rewards only)

The screenshot shows the Crowd Supply website interface. At the top, there is a navigation bar with the logo 'CROWDSUPPLY' and links for 'BROWSE', 'LAUNCH', and 'ABOUT US'. A search bar and a user profile icon are also present. Below the navigation bar, the main heading is 'Browse Projects'. On the left side, there are two vertical menus: 'BROWSE BY STAGE' with options like 'Pre-launch', 'Crowdfunding', 'Funded & Available', and 'Archive'; and 'BROWSE BY TAG' with various categories such as 'Audio & Music', 'Books', 'Computers & Networking', etc. The main content area displays two project cards. The first card is for 'iCEBreaker FPGA', described as 'The first open source iCE40 FPGA development board designed for teachers and students'. It is marked as 'Coming Soon' and has a 'Sign up' button with the text 'Subscribe for project updates.' The second card is for 'Sensything', described as 'Multi-sensor data acquisition, processing, and Wi-Fi/Bluetooth communication in a single, open source board. Sense anything.' It shows a progress bar and statistics: '\$2,083 raised', '208,300% funded', and '38 days left'.

**Technology startups find a home here. Crowd Supply’s mission is “to bring original, useful, respectful hardware to life.” Translation: open-source, code-based gadgets are faves.**

The [average raise](#) on Crowd Supply is \$66,000. In contrast to Kickstarter, a whopping 70% of projects are successfully funded (it’s all or nothing). Crowd Supply also boasts that 100% of its projects have delivered their goods to backers, a claim Kickstarter and Indiegogo can’t make.

## Fees

Crowd Supply has a sliding-fee scale depending on services used, ranging from 5% to 15%. Card processing fee is 2.9% + \$.30.

## Features

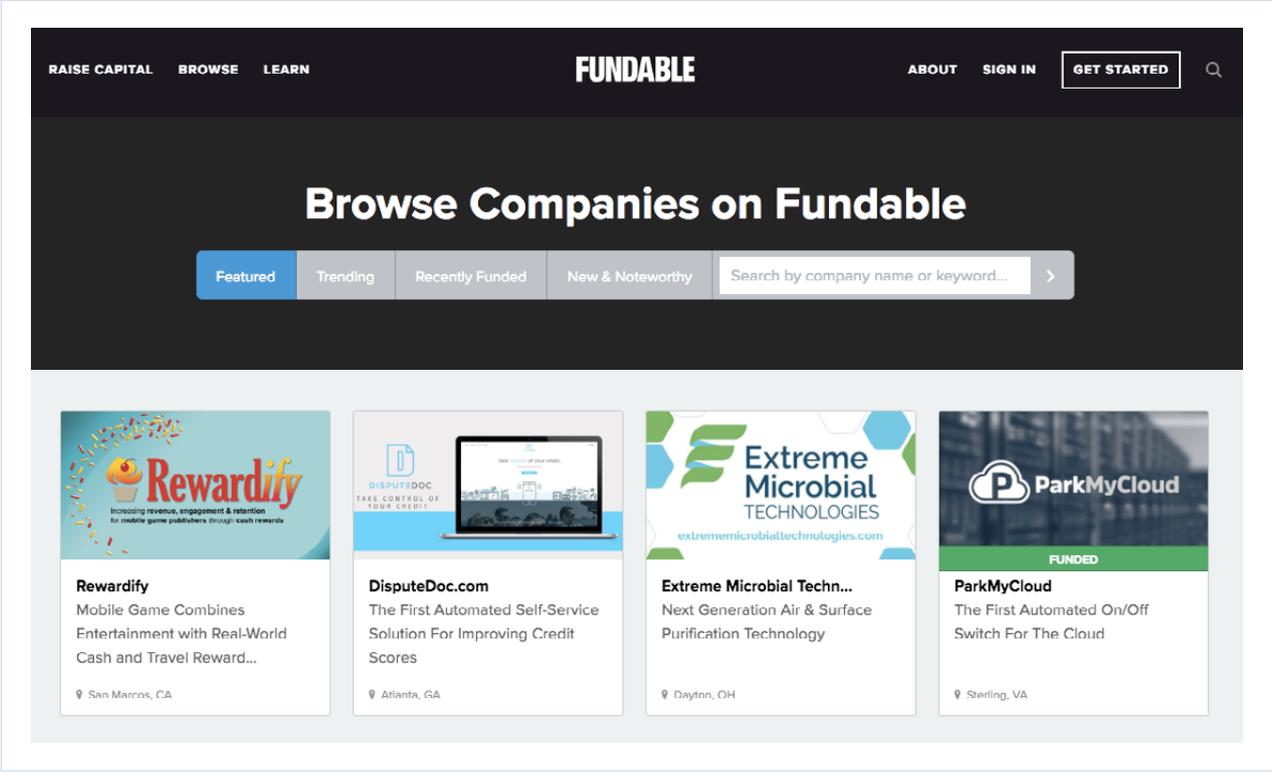
Here's something different: With Crowd Supply's [pre-launch](#) tab, your project can get exposure ahead of your opening date and capture potential backers' emails. You can also take additional [pre-orders](#) after your campaign funds.

One trend on this crowdfunding platform is setting a very low goal—think \$1—so that you can easily exceed it by a large percentage and look impressive. This can also be an indicator that the campaign is primarily for market research. Find more tips in their [guide](#).

## Recent Success

Michigan startup Alphamax [raised](#) almost \$78,000 on a \$15,000 goal for its NeTV2, an open-source video-development board.

## Fundable (rewards & equity)



The screenshot shows the Fundable website interface. At the top, there are navigation links: RAISE CAPITAL, BROWSE, LEARN, FUNDABLE, ABOUT, SIGN IN, and a GET STARTED button. Below the navigation is a search bar with the text "Search by company name or keyword...". The main heading is "Browse Companies on Fundable". Below this are four tabs: Featured, Trending, Recently Funded, and New & Noteworthy. The "Featured" tab is selected. Below the tabs are four company cards:

- Rewardify**: Increasing revenue, engagement & retention for mobile game publishers through cash rewards. Location: San Marcos, CA.
- DisputeDoc.com**: The First Automated Self-Service Solution For Improving Credit Scores. Location: Atlanta, GA.
- Extreme Microbial Technologies**: Next Generation Air & Surface Purification Technology. Location: Dayton, OH.
- ParkMyCloud**: The First Automated On/Off Switch For The Cloud. Location: Sterling, VA.

U.S.-only Fundable has seen [\\$444 million committed](#) in campaigns, with a typical rewards campaign raising \$50,000 or less. Though it offers both rewards-based and equity crowdfunding, recent campaigns were mostly equity.

### THING TO KNOW

Fundable is part of the [Startups.co family of sites](#), which includes Bizplan, mentor site Clarity, and sitebuilder Launchrock—so they've got resources and connections.

## Fees

No percentages here—it's a flat monthly fee of \$179 per month and up from when you launch (depending on services used). Then, whatever you raise is yours to keep, beyond their merchant-processing fee for rewards campaigns of 3.5% + \$.30.

## Features

The site has a decent [number of learning resources](#). Industries run the gamut from food and fashion to media and tech.

For equity crowdfunding, Fundable keeps the business-plan info hidden. Only registered investors can read it. This gives a feeling of exclusivity, but it could also be a barrier to exposure.

## Recent Success

A hot recent equity crowdfunding campaign here was a \$10 million raise for North Carolina startup Olaeris' AEVA [unmanned aircraft](#) (billed as a “helicopter replacement”).

## Ulule (rewards)



**A creative hub for  
entrepreneurs**

24,478 projects funded      65% success      2,188,357 members

**World, meet your rewards-based crowdfunding platform! Since 2010, Ulule (said: You-loo-LAY) has helped startups, creators, and more in 193 countries to raise money online.**

To use Ulule, you need to be 18 and able to accept money in euros, U.S. or Canadian dollars, Swiss francs, or British pounds. Over 24,000 projects have funded, with Paris-based Ulule claiming a 65% [success rate](#).

### Fees

You pay only if your all-or-nothing campaign succeeds. Fees beyond these are [complex due to the many currencies](#) Ulule works with. There's a 5% "success fee" if you're in euros. Amounts over \$100,000 cost you progressively less the more you raise.

## Features

One feature international entrepreneurs appreciate: Ulule automatically picks up on what language visitors' browsers use, and then seamlessly translates your campaign into the right language for each user. No hunting for a 'translate this' button!

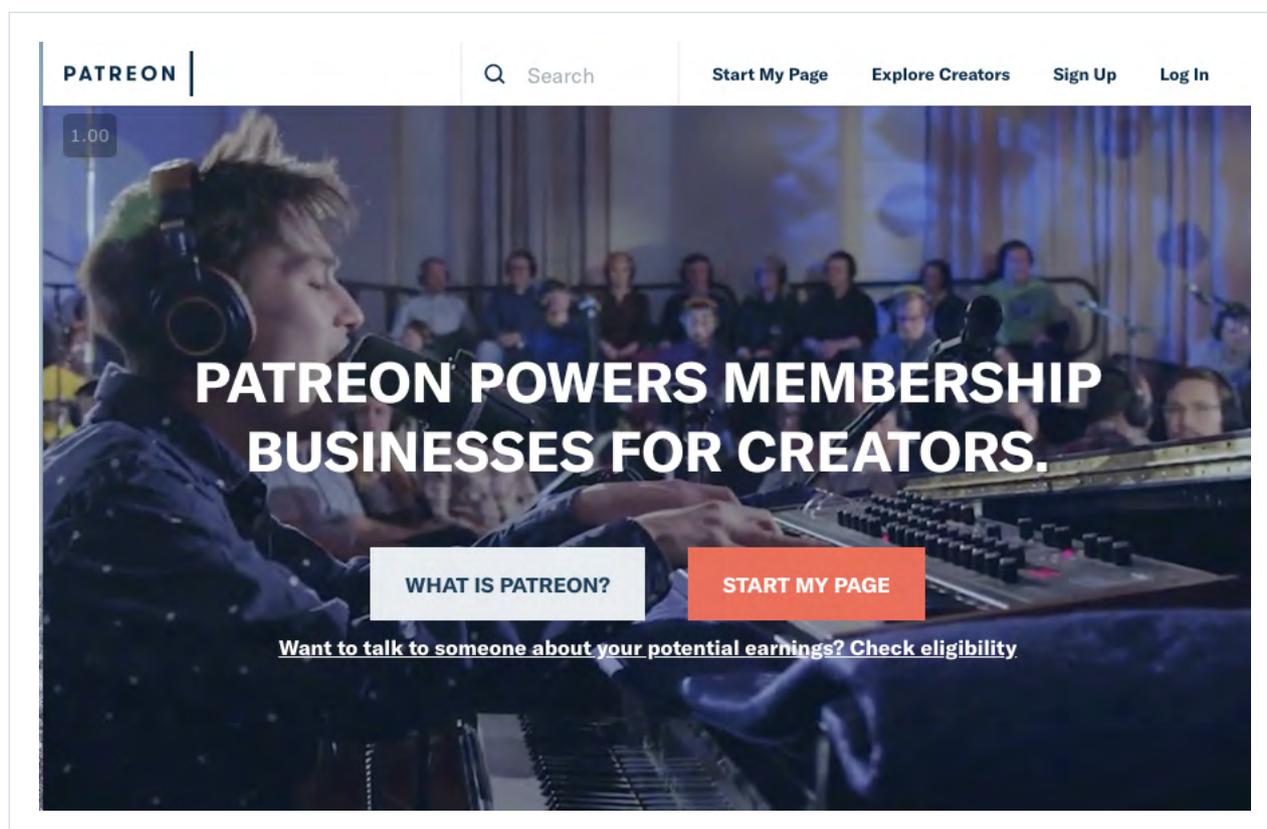
### KEY THING

Ulule's motto is "Make good things happen." Companies that promote their **social mission** thrive on Ulule—and compete with charities and individuals who fundraise here, as well.

## Recent Success

Average raise on Ulule is modest, as with B-Wom Technologies of Barcelona, whose mobile [app for women's health](#) brought in \$10,000.

## Patreon (recurring rewards)



**Don't want a high-pressure crowdfunding campaign with a deadline? Patreon may be for you, if you create something your startup could release in installments or monthly updates.**

The model here is completely different from most other crowdfunding sites. Entrepreneurs fundraise by asking “patrons” to commit to recurring monthly [payments](#)—and some make a healthy income doing it.

### PATREON'S MOTTO

The platform “powers membership businesses for creators.” So as you'd expect, creative projects from comics to crafts are big here.

## Fees

Fees to Patreon are 5% monthly. In 2017, Patreon stopped charging entrepreneurs processing fees—they're charged to patrons instead. This saves on your fees, but some creators worry it might [discourage patronage](#).

## Features

As with other types of rewards-based crowdfunding, Patreon users create a crowdfunding campaign page with tiers of rewards for supporting their products or projects.

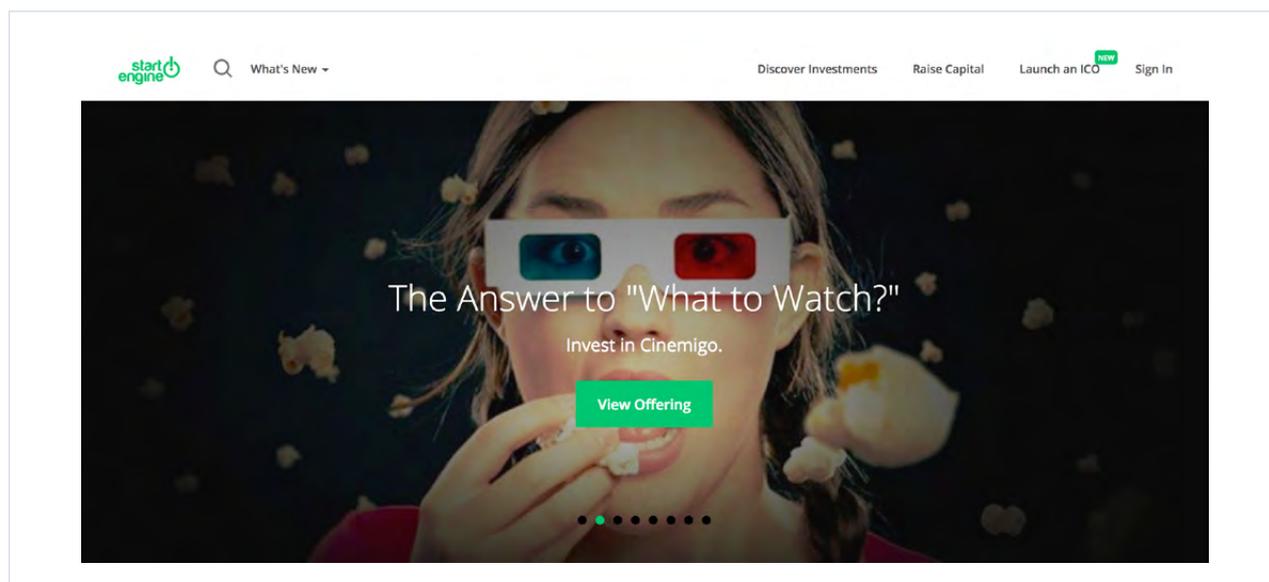
Notably, technology isn't a big category here—but podcasts, comics, and education projects are. On Patreon, your campaign page is constantly updated as you add new items.

## Recent Success

Gina Häußge of Germany brings in \$5,770 a month to support her work on open-source [3-D printing interface](#) the OctoPrint, which she offers the makerspace community for free.

# Equity Crowdfunding Platforms

## StartEngine



Welcome to the site many think wins the ‘best crowdfunding websites’ award for crowdfunding. The video above gives you a peek at some of the startups [raising cash](#) on StartEngine in early fall 2018. Note how they promote their favorite offerings big-time in the site header, and also the snappy, one-line descriptions of what each company offers that’s unique.

You can raise money three ways on StartEngine: regulation crowdfunding up to \$1 million, small IPOs up to \$50 million, and through initial (crypto)coin offerings (ICOs), the cryptocurrency industry’s equivalent of an IPO. StartEngine offers all forms of equity, including private stock, SAFEs, convertible debt, and revenue share.

About 200 companies have received \$62 million on StartEngine, and deal volume is skyrocketing: In fall 2018, there were 113 offerings in progress. Industry trade *VentureBeat* reports that StartEngine is the [top platform for volume](#) of equity crowdfunding campaigns launched.

## Fees

StartEngine takes a [6%–10% cut](#) depending on payment method investors use and country of origin, due only if you get some funding.

## Features

StartEngine has a “test the waters” campaign phase. Campaigns are all or nothing.

As is typical for equity crowdfunding websites, StartEngine runs campaigns with a stated goal *range*, rather than a flat figure. StartEngine offers a variety of services, from free, one-day how-to workshops to paid marketing help.

### HERE'S A LURE TO INVESTORS

StartEngine operates a **secondary market** where investors in startups can try to resell their equity shares to accredited investors.

## Recent Success

On a fall 2018 browse, the cryptocurrency startup Ridecoin had \$344,000 in reservations for investment in its “test the waters” phase.

## WeFunder

### Raise \$50,000 to \$50 million — without the hassle

We help you raise more money, faster, so you can get back to what matters: building your company.

START RAISING FUNDS

### We take the pain out of fundraising

Raise money from thousands of investors who believe in you



**Start a Campaign**

Tell your users, customers, family, friends, fans, supporters, and the 183,755 investors on Wefunder about your business.



**Get Funded**

We'll blast our list. You blast yours. Our fastest company raised \$1M in 48 hours. Most campaigns take 1-3 months.



**Get Back to Business**

We'll wire over the funds so you can get back to growing your business... with hundreds of supporters to help you.

Billing itself as “Kickstarter for investing,” WeFunder has midwived \$65.5 million for 207 startups. The majority was for campaigns under \$1 million, but \$21 million was Reg D campaigns, or fundraising from accredited investors. WeFunder has done one small IPO.

## Fees

Reg CF carries a small fee (up to \$75), plus 7% of what you raise. With Reg D, WeFunder collects a profit of between 5% and 20% for investors when their startup has an 'exit' event, such as a subsequent fundraising.

## Features

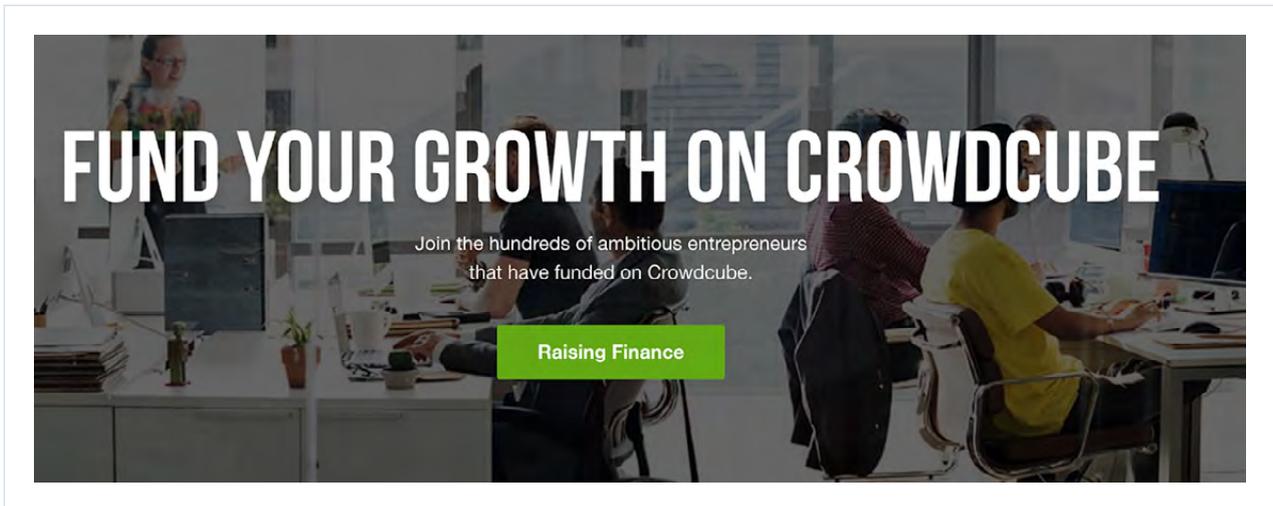
A rarity among crowdfunding sites, WeFunder runs its own investment fund, which invests in all the platform's startups. Individual investors pool their money into the WeFund. In fall 2018, 55 campaigns were in progress.

The mix of categories on WeFunder is technology of all stripes, retail, food, alcohol, and infrastructure.

## Recent Success

Scrap Connection, a recycling-industry software solution from the Netherlands, [raised \\$971,000](#).

## CrowdCube



**CrowdCube is the UK's crowdfunding site leader, with over £500M raised. Notable: its average campaign length is a speedy 22 days.**

They've had nearly 740 successful raises that averaged £651,000. The platform reports over 50 of those companies have done a second CrowdCube raise.

### Fees

CrowdCube's "success fee" is 7% excluding the VAT, plus processing fees between .75% and 1.25%.

## Features

CrowdCube has a [calculator](#) you can use to see averages for past campaigns in your industry, to help you set realistic fundraising goals. Once you complete your campaign, join CrowdCube's Funded Club to network with other successful entrepreneurs and access partners including Amazon Launchpad, a site that features startups' products.

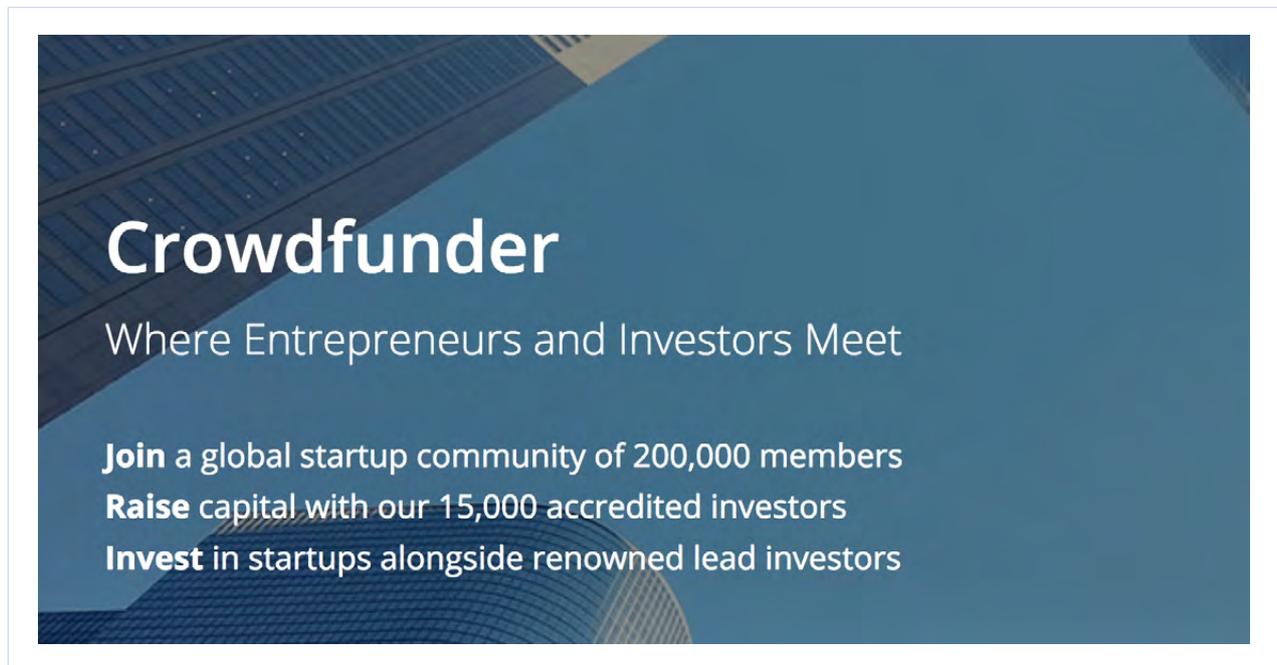
### TRANSPARENCY ALERT

CrowdCube states what size ownership stake **startups** are offering, which few sites disclose.

## Recent Success

Growing London promo company Awesome Merchandise offered a [7.6% equity stake](#), exceeding its \$350,000 target to raise \$464,000 and counting from 814 investors.

## Crowdfunder



This platform is where the hot, connected startups come to raise. Crowdfunder [warns entrepreneurs](#) straight up that you should already have customers or investors or have been through a business incubator. It's *not* a place for an untried team with an idea as opposed to a finished product.

### ONE OTHER CAUTION

Crowdfunder's site seems a bit out of date. Press releases end in 2016, and data is from that year, too. What we know: At that point, Crowdfunder had over 100 deals funded, at an average deal size of \$1.8 million, for \$160 million total. Requests for fresh data went unanswered.

**Fun fact: Crowdfunder does *not* vet applicants. Instead, they look for startups that already have a lead investor in place who's done the due diligence.**

The platform has raised nearly \$5 million in capital itself, Crunchbase [reports](#), and fellow equity platform Seed & Spark raised \$2 million in seed money here. Cryptocurrency and real estate deals are hot.

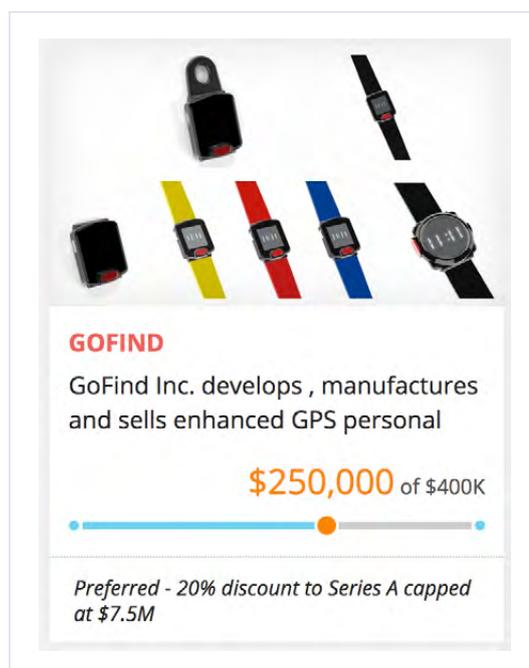
## Fees

For \$299 per month and up, you create a “private room” to showcase your crowdfunding campaign. You can pay more to get campaign help.

## Features

Crowdfunder has a crap-ton of useful resources for entrepreneurs on its site, including [term sheet](#) templates, slide-deck [examples](#), an equity crowdfunding [checklist](#)—even tips on how to manage and [close investors](#).

The site hides some campaigns from public view, making them available only to registered investors. It does, however, publicize some quick deal terms on most campaigns. This offers transparency and useful data to startups considering their deal structure—as you can see here:



## Recent Success

Y-Combinator grad Acre [Homes](#) of Mountain View, Calif., raised over \$5 million in two rounds on Crowdfunder.

## Microventures

What Our Investors Look For:

- 1 A unique or new idea. If it's not new, they want to see an innovative spin on old technology.
- 2 Market traction, which could be in Alpha or Beta customers, partnerships, revenue, or other metrics that define success. They're not just looking for good ideas—they want ideas + execution.
- 3 A solid team with experience in their industry.

In other words, our investors look for three things: Good Ideas, Market Traction, and a Good Team.

Indiegogo's partner in its First Democracy VC equity platform, Microventures also has its own equity crowdfunding [site](#)—and it's one of the oldest around (circa 2011). Microventures hosts bigger deals where investors contribute as little as \$100, pooling their money into Microventures' single investment in the startup. It's done 350+ deals, raising \$160 million. Another \$12 million has gone to startups in regulation crowdfunding deals.

Microventures is one of the few equity U.S. crowdfunding platforms that is a [registered broker-dealer](#), a needed designation to work with accredited investors, says founder Bill Clark. This enables a more sophisticated investor pool.

**The site concentrates mainly on startups in seven industries: mobile, gaming, social, IT, media/entertainment, software, and green tech. Companies raising \$150,000–\$1 million are typical here.**

## Fees

It's a 5% fee if you do Regulation D crowdfunding (big money from accredited investors). There's no fee on regulation crowdfunding.

## Features

Microventures has a useful [education section](#) on the various types of crowdfunding, debt vs. equity, convertible notes, and more.

Like a few other crowdfunding websites, Microventures has a secondary market for reselling equity shares. The platform is highly selective—recently, just three deals were in progress.

“We want to do more filtering,” Clark says. “We only accept about 1% of applications.

“We've been doing this 7 years, and at this point, there are deals we look at and say, ‘There's no way there's an exit here.’ Usually, we're not the first money in—they've raised money in some aspect before.”

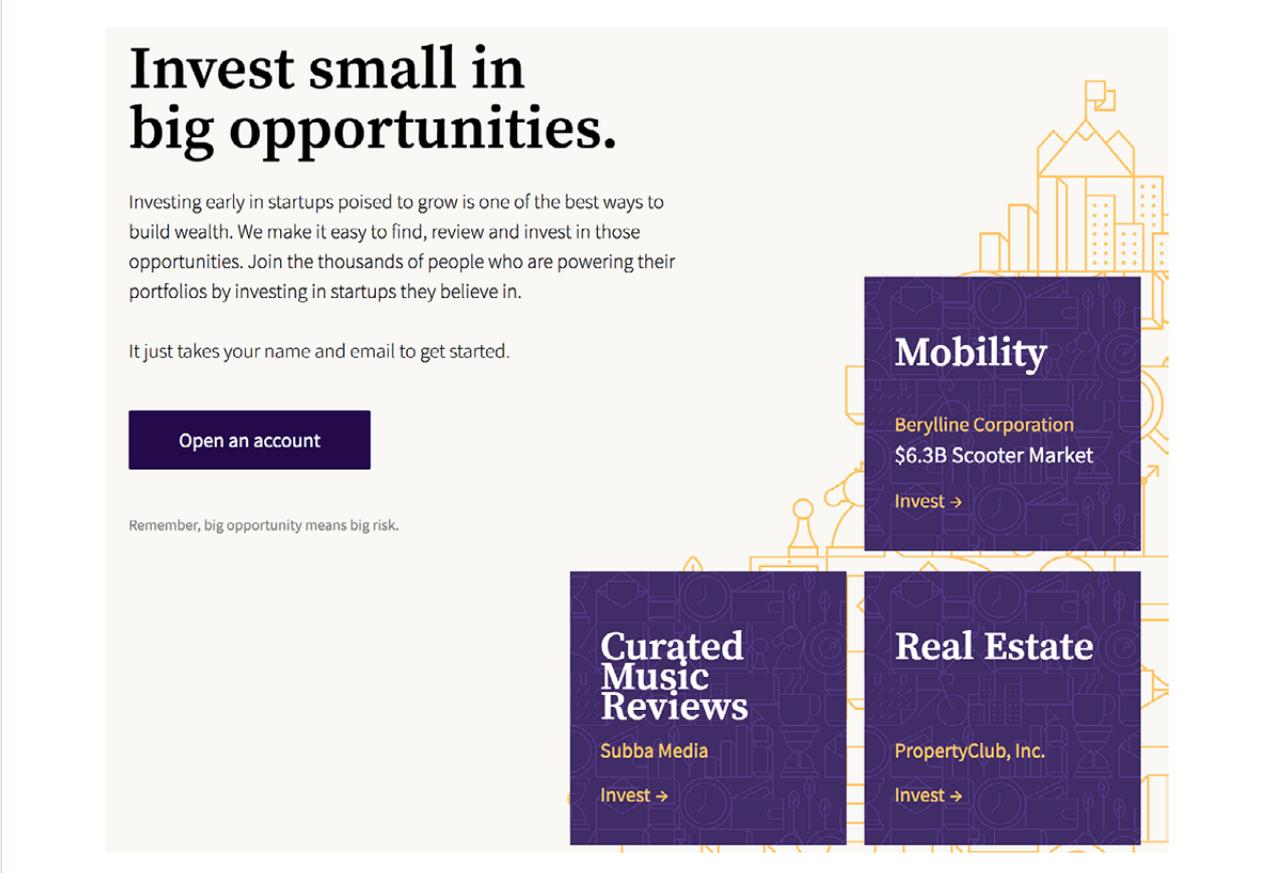


**Bill Clark**

## Recent Success

Past campaigns are hidden... but autonomous-drone startup Matternet went on from its Microventures success to [raise \\$18 million](#) in venture capital in 2018.

## Netcapital

The image shows a screenshot of the Netcapital website. On the left, there is a text area with the headline "Invest small in big opportunities." followed by a paragraph explaining the benefits of investing early in startups. Below this is a dark blue button labeled "Open an account" and a smaller line of text: "Remember, big opportunity means big risk." On the right side, there are three dark blue cards with white text, each representing a different investment category. The top card is for "Mobility", featuring "Berylline Corporation" and "\$6.3B Scooter Market" with an "Invest ->" link. The bottom-left card is for "Curated Music Reviews", featuring "Subba Media" and an "Invest ->" link. The bottom-right card is for "Real Estate", featuring "PropertyClub, Inc." and an "Invest ->" link. The background of the cards has a faint, stylized cityscape graphic.

This is the equity platform for the masses. Netcapital investors can get in with just 10 cents (though \$725 is average). There's a 70% success rate and 36 completed deals. A typical raise is around \$100,000.

**Only U.S. companies can play. Recently, eight campaigns were in progress. Netcapital mostly does deals for company stock, a/k/a equity shares.**

## Fees

A 4.9% success fee includes a lot of services, such as a complimentary 100-point inspection, transaction and escrow fees, coaching, and paperwork prep.

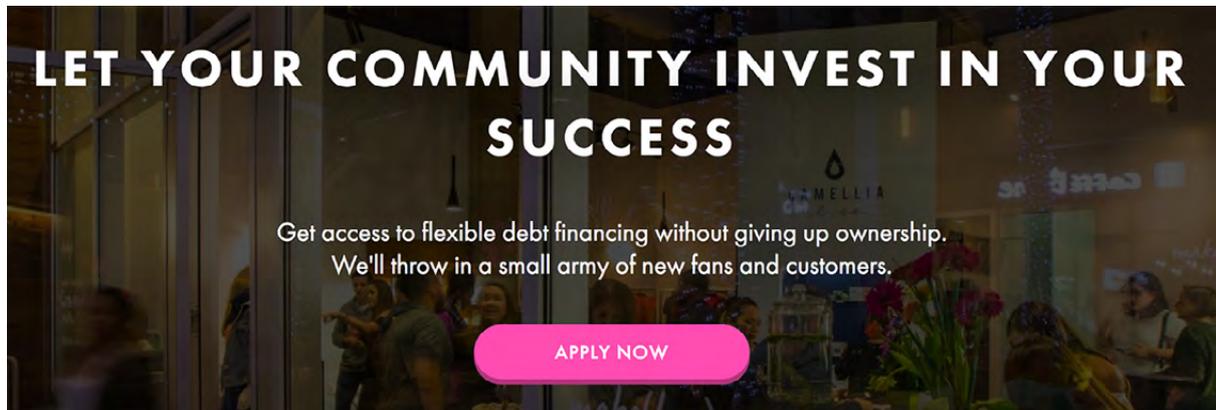
## Features

Netcapital makes all deal specs visible without registering, so it's easy to browse. If you don't want teeny-tiny investments, you're free to set a minimum amount for investors.

## Recent Success

Interactive-tech firm Atmos Digital shot past a \$10,000 goal to raise [\\$50,000](#).

## NextSeed



**Is your startup a brick-and-mortar or food business already making reliable money? If so, NextSeed could help you raise funds from \$100 investors—without giving up an ownership stake.**

A rare bird among equity crowdfunding sites, NextSeed specializes in term loans and [revenue-share](#) deals, so you give up no ownership stake. The latter means you'll pay back investors out of a percentage of your startup's monthly revenue.

Startups can raise \$50,000–\$1 million here, with terms from 2–4 years. Interest rates range from 10% to 18%, depending on how much cash flow you've got, your credit score, and loan duration.

## Fees

There's a \$500 loan-setup fee, plus a success fee of between 5% and 10%.

## Features

NextSeed says their average time to successful raise is just three weeks—so this could be a speedy cash injection.

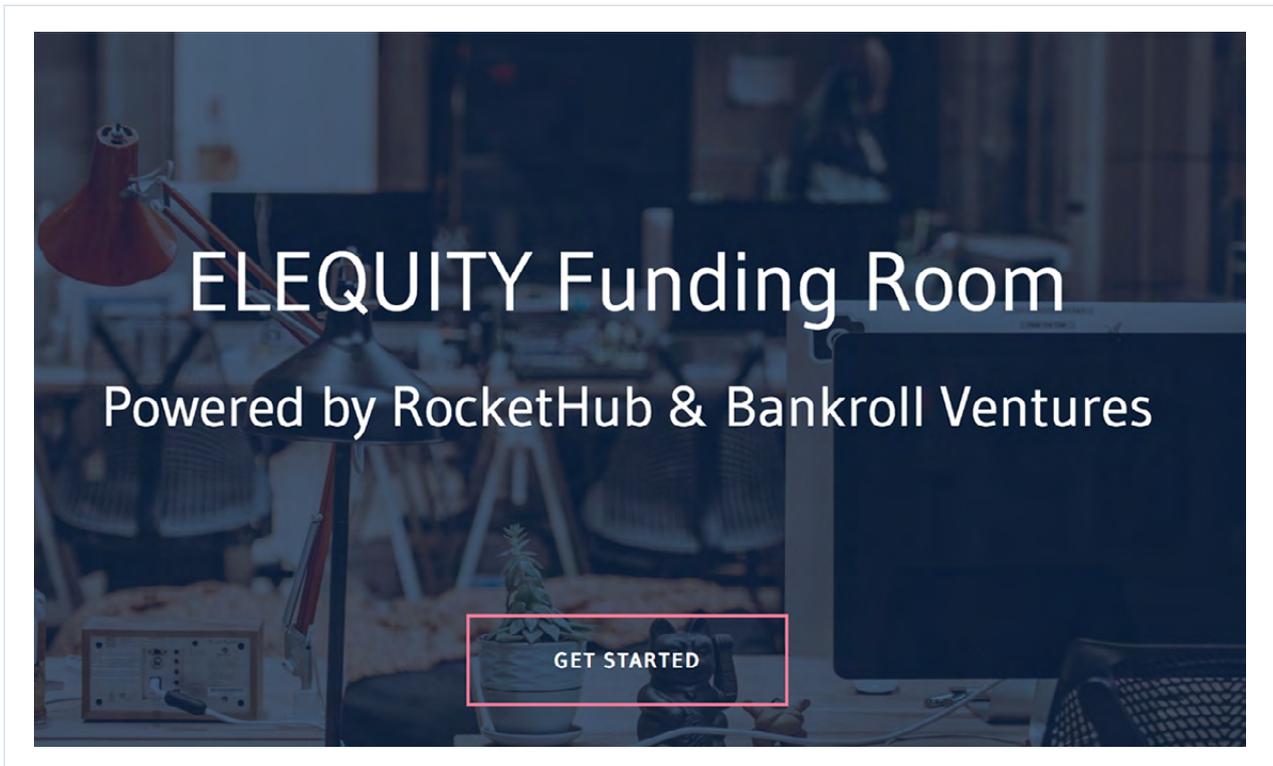
### ANOTHER PLUS

VentureBeat recently reported NextSeed had a 93% success rate, one of the industry's highest. Seven deals were active recently.

## Recent Success

Texas-based beer distributor Wichita Falls Brewing Co. raised \$125,000 from [152 investors](#).

## RocketHub



Marching to a different drummer, RocketHub bills itself as a “social network for entrepreneurs.” Crowdfunding is just one of their [activities](#), along with networking, live events, and site advertising. They partner with Bankroll Ventures on an equity crowdfunding site; their [joint crowdfunding platform](#) is known as Elequity.

### Fees

Not stated on the site. Requests for information weren’t met.

### Features

You have to set up a profile to see details on RocketHub’s equity crowdfunding—so I did. Here’s what they’re looking for in a startup (along with some pithy tips for crowdfunding entrepreneurs):

- ✓ You are an established company – equity crowdfunding is only legal for companies
- ✓ You want to raise MORE than \$100,000
- ✓ You have time to wait, the process can take 30+ days
- ✓ You have NEVER been convicted of a crime or had regulatory problems related to securities transactions
- ✓ You have a Budget to raise funds. Raising money actually costs money (advertising, lawyers etc)
- ✓ You are prepared to do outreach and marketing to help raise capital

Revealed: RocketHub offers crowdfunding under all three SEC rules, and in the form of debt, equity, or convertible note. Active campaigns are hidden.

Despite appearing on quite a few ‘top platforms’ lists online, RocketHub has a decidedly clunky interface. You’d have to register as an investor to see current campaigns.

#### NOTE

There are **negative reviews** on RocketHub bouncing around online. So be cautious. It might be a place to network and learn before you try their crowdfunding.

### Recent Success

RocketHub helped BrewDog, a Scottish [craft-beer](#) brand, raise \$7 million of a \$50 million goal in a sassy “equity for punks” campaign that attracted 46,000 investors.

## Republic

# Raise funds

Republic gives you access to a new and vast pool of capital. Raise funds from anyone: your community, customers, partners and millions of retail investors around the world.

Apply to raise

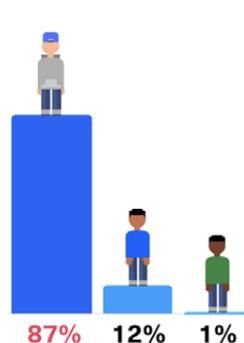
With its \$10 investor minimum, Republic brings equity crowdfunding to the masses. The emphasis here is on getting money to entrepreneurial women, veterans, and minorities, all of whom usually don't see much investor money.

## Why we focus on diversity

We welcome all kinds of entrepreneurs, but we're encouraging more startups with diverse teams and backgrounds [to apply](#). Why do we have a special focus on the underserved — women, minorities, immigrant and veteran founders?

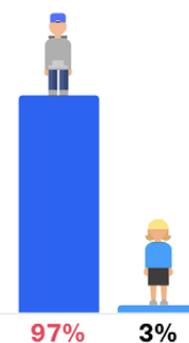
### Race

VC-backed CEOs by race



### Gender

VC-backed CEOs by gender



### Location

VC-backed companies by Location



The site claims a 95% success rate with 52 funded campaigns. Recently, six campaigns were active. Or really, they were on fire—most were over 200% funded or more.

**The platform does equity crowdfunding in the form of Republic's exclusive, flexible Crowd SAFE. The SAFE gives investors the right to purchase shares in future.**

## Fees

Fees are 6% of the total raised, plus 2% of any securities offered. Republic is investing along with its investor pool, in each deal. If you wonder what it costs to do equity crowdfunding paperwork, legal, marketing, the works—Republic has a useful [breakdown](#).

## Features

Cryptocurrency offerings are big here, along with tech. You can see a list of campaigns, including previous ones, by mousing over the “investor” tab.

As a bonus, Republic comes from the same people who're behind top [industry site](#) AngelList. These folks have investor connections.

## Recent Success

RMR Laboratories raised \$785,000 for its cannabis [cream](#).

## SeedInvest

# Fundraising sucks. But it doesn't have to.

Spend less time fundraising, and more time building your business.

START YOUR RAISE

This one's for entrepreneurs who want to raise big: SeedInvest boasts the highest average per-campaign totals in equity crowdfunding, at over \$435,000, *VentureBeat* recently found.

With a \$200 investor minimum, SeedInvest has \$115 million invested in startups. Campaigns typically take 45 days. Be amazing—this is a highly selective platform.

### Fees

SeedInvest takes a 7.5% placement fee, plus 5% in equity for itself, investing along with the crowd. They've got a handy [calculator](#) where you can figure your possible fees.

### Features

There's a "test the waters" phase. Investors are drawn to SeedInvest's [auto-invest](#) feature, which allows them to invest in many startups on autopilot, spreading their risk. If your campaign hits its targets, you're added to the auto-invest pool.

### Recent Success

Rising fast-fashion denim brand DSTLD raised [nearly \\$3 million](#) on SeedInvest.

# P2P Crowdfunding platforms

## Funding Circle

A banner for Funding Circle featuring a person standing on a beach looking out at the ocean. The text on the banner reads: "TAKE YOUR BUSINESS FURTHER" in large, bold, white letters. Below this, in smaller white text, it says "Expand, hire staff, or fund your next step with fast, affordable business loans." At the bottom left, there is a blue button that says "Get your personalized quote" followed by the text "or [Learn more](#)".

**TAKE YOUR BUSINESS FURTHER**

Expand, hire staff, or fund your next step with fast, affordable business loans.

[Get your personalized quote](#) or [Learn more](#)

Welcome to peer-to-peer crowdlending [headquarters!](#) Funding Circle leaves many other ‘best crowdfunding sites in P2P’ in the dust in terms of size. Better yet, it’s completely [small-business](#) focused, which makes it the best crowdfunding website for business crowdlending (most P2P sites only offer business funding as a sideline). It’s midwived \$7 billion in loans to over 51,000 startups worldwide.

**Interest rates range between 4.99% and 25.99%, and you can borrow \$25,000–\$500,000. Repay in 6 months... or 5 years.**

## Fees

Loan origination fees range from .99% to 6.99%. Don’t be late on a loan payment—they’ll charge you 5%. There are no prepayment penalties.

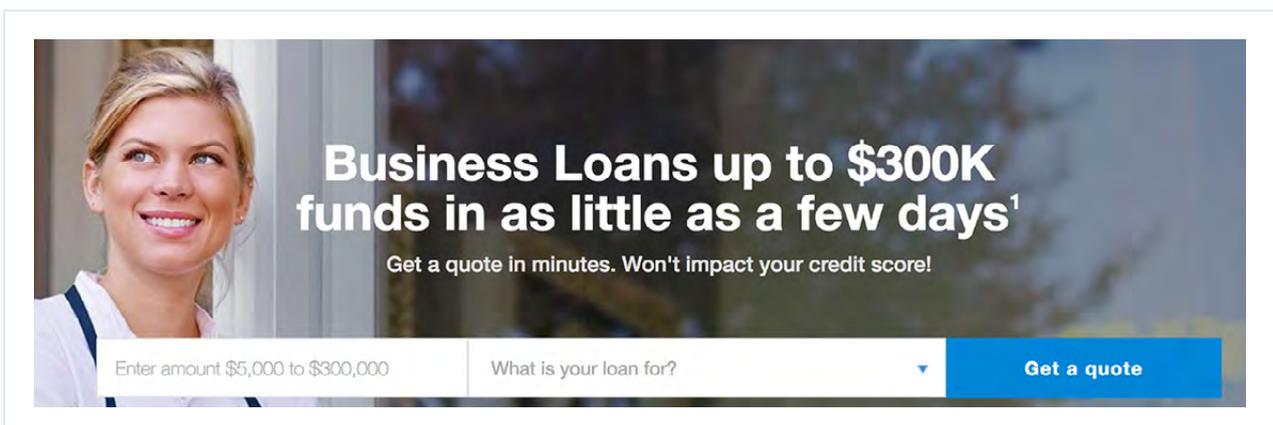
## Features

Investors here are heavy hitters—it's a minimum \$250,000 commitment for them.

Funding Circle is so successful, in September 2018, it was planning its own IPO, expecting to raise [£300 million](#). That may bring a cash infusion and even more lending.

Campaigns are hidden in crowdlending, unless you've registered as an investor.

## Lending Club



At Lending Club, entrepreneurs compete for investor attention with individuals who want personal or auto refinancing loans. In all, Lending Club has seen \$28 billion in loans made.

**They don't say how much of that is in [business loans](#), but they're definitely a major focus.**

Rates for good borrowers start at 5.99%, with loan terms of 1–5 years. Watch out, because annualized interest can be as high as 35.71%. A typical monthly payment is \$227–\$955.

Here's a quick snapshot of what you need for crowdlending on Lending Club—it's not a place for zero-revenue, brand-new startups:

### Am I Eligible?

<p> <b>What we look for:</b></p> <ul style="list-style-type: none"><li>• 12 months or more in business</li><li>• At least \$50,000 in annual sales</li><li>• No recent bankruptcies or tax liens</li><li>• You own at least 20% of the business and have at least fair or better personal credit</li></ul>	<p> <b>What we don't need:</b></p> <ul style="list-style-type: none"><li>• Collateral for loans or lines under \$100K</li><li>• Business plan or projections</li><li>• Visits to your business</li><li>• Costly appraisals or title insurance</li></ul>
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## Fees

Your loan fees will range from 1.99% to 8.99%. No prepayment penalties.

## Features

You get a “client advisor” to work with here, and fast approvals. Lending Club is a publicly traded company (NYSE: LC), so you can check out their [financial statements](#) for more.

Lending Club has a collection of business-owner customer stories [here](#).

## StreetShares



Founded by two U.S. military veterans near Washington, D.C., StreetShares has a [special mission](#) none of the other crowdfunding sites share: to help veteran-owned businesses (but any qualified entrepreneur can borrow). They've funded over \$100 million in business loans.

### Fees

Loan fees range from 3.95% to 4.95%. Interest rates aren't posted, but they do provide a handy collection of loan [calculators](#). Requests for more details got no response.

### Features

StreetShares has three kinds of financing for businesses:

- **Term loans** of \$2,000 to \$250,000 with terms of 3 to 36 months
- **Revolving business lines of credit** from \$5,000 to \$250,000
- **No-limit contract financing** (also known as a purchase-order or factor loan) to help government-contractor companies fulfill their projects

An appealing angle that may lure investors: StreetShares packages its loans into Veteran Business Bonds at a guaranteed [5% return](#)—a great rate on a U.S. 1-year bond these days.

See StreetShares' success stories near the bottom of [this page](#).

## UpStart

**A SMARTER LOAN. YOU EARNED IT.**

You are more than your credit score. On Upstart your education and experience help you get the rate you deserve.

I would like to pay off credit cards

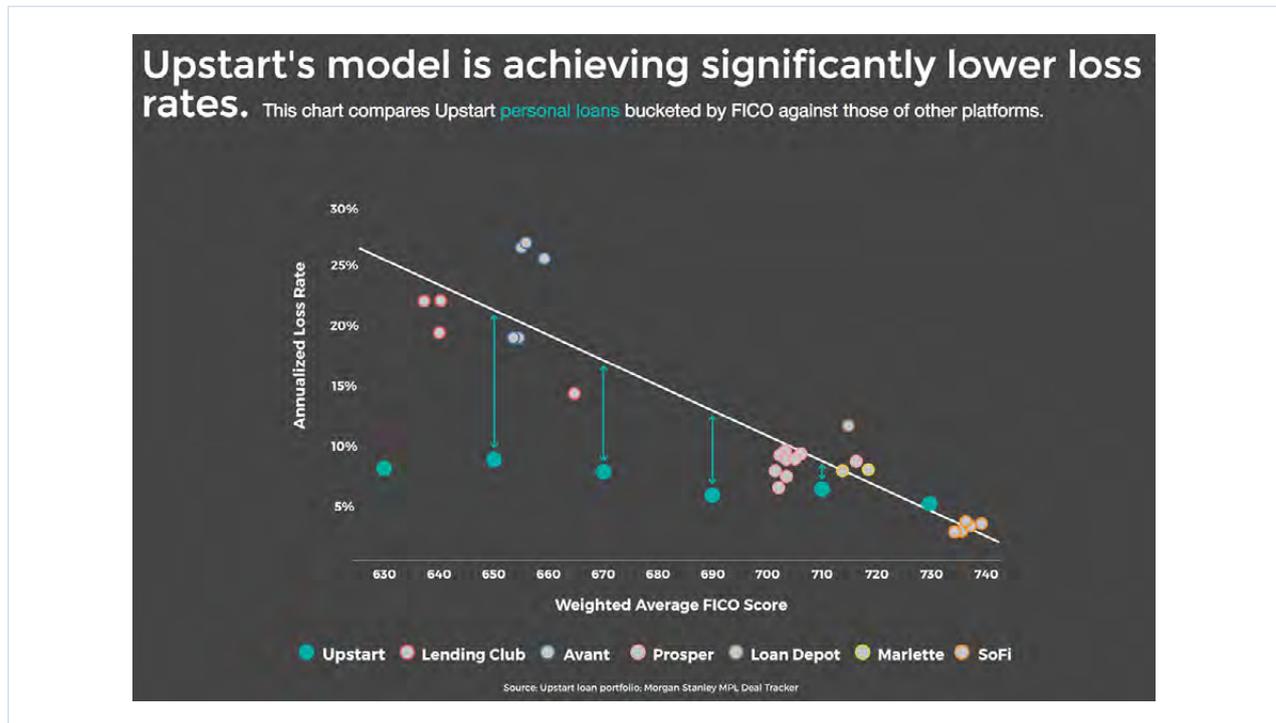
**CHECK YOUR RATE**

Won't affect your credit score!††

\$1,000 - \$50,000<sup>§</sup>      RATES FROM 8.36% - 29.99% APR\*      3 & 5 YEAR TERMS\*      NO PREPAYMENT PENALTY

Fast-growing UpStart has made \$2.3 billion in (mostly personal) loans. You can borrow \$1,000–\$50,000 here in 3- or 5-year term loans, at 8.36%–29.99% interest.

Founded by ex-Googleers, UpStart uses more data points than just your credit score to determine your interest rate. They factor in education, job history, lack of past defaults, and more to create a complete picture of your creditworthiness. The result, a recent study showed, is that UpStart has a much lower default rate than its competitors:



## Fees

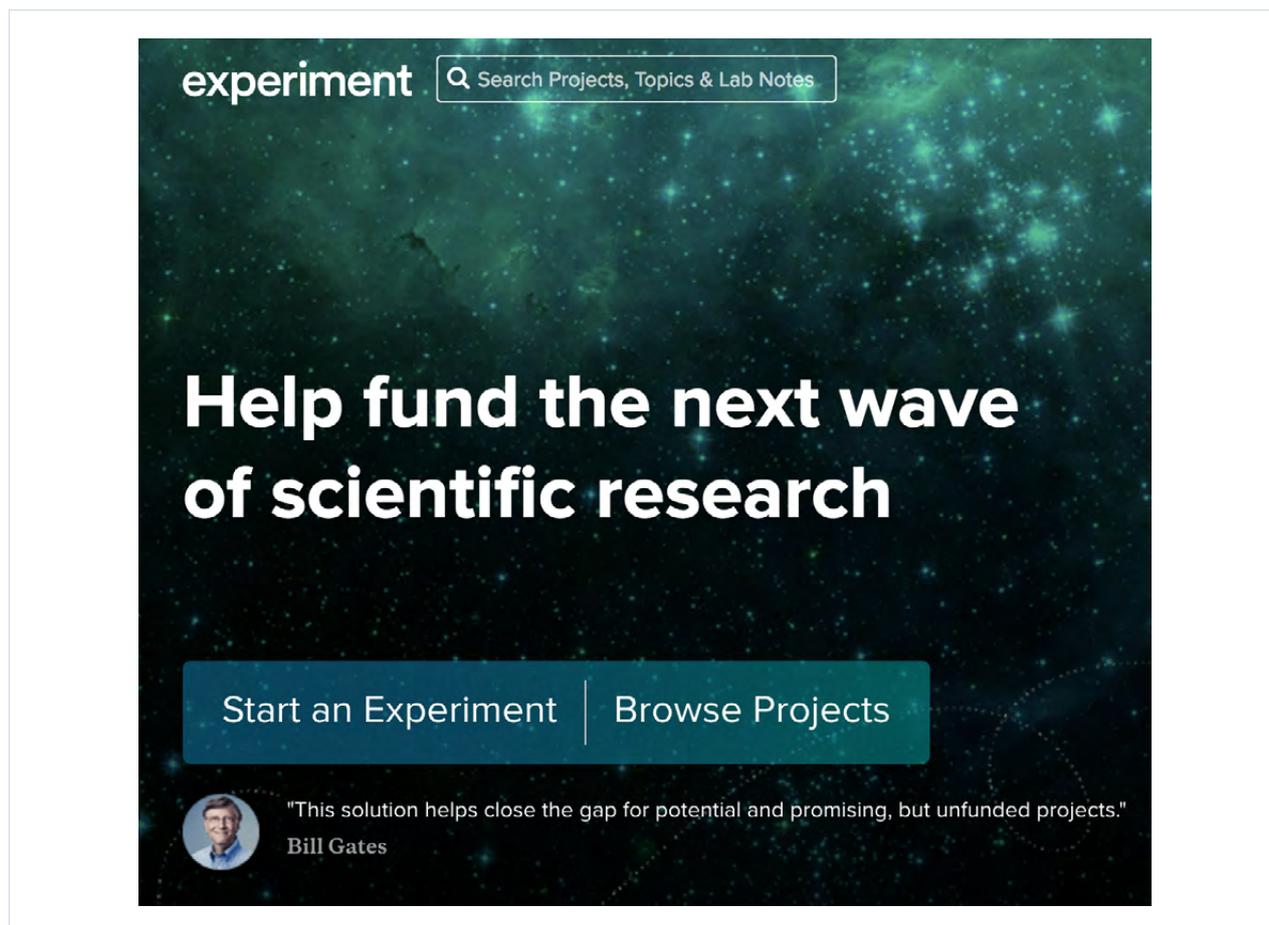
Between 0% and 8% origination fee. There's a 5% late fee, but no prepayment penalties.

## Features

This is primarily a personal-loan platform—business loans are literally the last of all their borrowing options, listed under “other.” But if you've never defaulted before, don't have other recent loans, went to college, and have a strong job history, UpStart might give you a great rate.

UpStart doesn't show [success stories](#) or current loans in progress publicly on its site.

## Beyond the Biggies: Consider Niche Crowdfunding Websites



The top 20 listings above gave you a tour of the biggest, best crowdfunding sites of all types. But no list of crowdfunding platforms would be complete without mentioning the emerging world of niche crowdfunding websites. These may not be as well known or popular—but they could be where your business finds success.

For instance, Women You Should Fund is an [option](#) for women entrepreneurs. Experiment (seen above) helps fund the sort of [scientific research](#) that powers many biotech and medical startups. Seed & Spark focuses on [film and TV](#) projects, while PledgeMusic funds [bands](#).

Finally, for those who know the web-application framework Ruby on Rails, there's the [customizable platform](#) SelfStarter, which bills itself as “Roll Your Own Crowdfunding.” Depending on your startup's industry and team skills, a specialized crowdfunding platform might be a better choice for you. (Coming up in Chapter 4, check out why Canadian financial-services startup Hardbacon chose GoTroo for an equity crowdfunding round, for instance.)

# Crowdfunding Websites For Every Entrepreneur

There you have it—20 best crowdfunding sites and more. As you can see, crowdfunding platforms come in many flavors. Hopefully, this crowdfunding website list has given you a taste of all the different models sites use, and helped you decide which crowdfunding website to use for your startup.

## **BIG TIP**

**Choosing one of the more established, popular crowdfunding sites will usually mean greater exposure and better support.**

Ask lots of questions before you commit, and do your own crowdfunding websites comparison—these sites evolve over time. Then, choose the best option for your startup's situation. Done right, crowdfunding can transform your business and skyrocket your growth.

Now that you know the best crowdfunding sites on which to run your own fundraising campaign, let's take a look at how crowdfunding helps startups specifically—and how to make it successful for *your* business.

**3**

# **Crowdfunding For Startups: Are You Ready?**

Okay—you know how crowdfunding works now and understand how to get startup funding. You’ve compared the top crowdfunding sites and seen that crowdfunding for business is a viable option.

The next task is to assess whether *your* startup is ready to raise [start-up](#) capital right now—and if so, which type of crowdfunding platform is best for you.

Why does it matter so much? Well, crowdfunding for startups is a two-edged sword.

**When you’re crowdfunding for business, bear in mind that if your funding effort flops, that failure may follow you forever. Remember, we learned in Chapter 2 that just 36% of Kickstarter campaigns succeed.**

You don’t want to end up like the makers of the game Bot Colony. They’re still living down their [failure](#) to raise nearly \$76,000 on Kickstarter, back in 2013.



The image shows a screenshot of a Kickstarter campaign page for 'Bot Colony' by North Side. The campaign has failed, with only \$1,928 pledged out of a \$75,938 goal. The page displays 57 backers and 0 seconds to go. A message states: 'Funding Canceled. Funding for this project was canceled by the project creator on Oct 21 2013.' The campaign image features a robot head and the text 'Bot Colony' with a play button icon over the 'o' in 'Colony'. Below the title, it says 'NORTH SIDE' and 'Language-based interaction with machines'.

\$1,928	pledged of \$75,938 goal
57	backers
0	seconds to go

**Funding Canceled**  
Funding for this project was canceled by the project creator on Oct 21 2013

As you can still see years later, they didn't even raise \$2,000, and had to pull the plug. On a search for "Kickstarter failures," they pop right up. You don't want this sort of easily discoverable bad news following your startup around the Internet.

There are no guarantees that using crowdfunding for startup cash will work.

That's why, in this chapter, you'll:

- Get do's and don'ts from the pros
- Learn how to assess your startup's readiness
- See a case study on online fundraising for business

# Crowdfunding For Business: Tips From the Pros

Want to know what really works in crowdfunding for startups? Then you want to talk to experts. I've rounded up a diverse group of experienced observers of startup funding online, including an equity-platform founder, crowdfunding investors, and startup [entrepreneurs](#), who share their insights below.

They've seen failures as well as successful start-up capital raises. What have they learned? Here are their tips:

**Michael J. Epstein**, [author](#) of *Crowdfunding Basics in 30 Minutes* (I30 Media Corp. 2018). Epstein has done crowdfunding for his films and is a crowdfunding investor.



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## **Q: Any pre-launch tips for entrepreneurs?**

**A:** First, have a real understanding of how much work and commitment is required for successful startup funding, even for modest-dollar campaigns. People who are new think, “I can just put it up there and people will care,” or “I’m just going to throw money at it [with ads and hiring marketers], and I won’t have to do anything.”

It's a *daily* commitment to creating new content and ideas, and generating momentum, especially very early in the project. Getting a lot of campaign contributions in the first few days is essential.

For my campaigns, we'd be shooting a film, so we'd release early footage, or some music elements. Gets people excited—but requires advance planning.

When I consult, I work with startups to create a campaign that's going to generate a set of backers that are ready to go, before the campaign even exists. Usually, 20%–30% of the campaign funds from people making verbal commitments, so that day of launch, that money goes right in.

Then, people see momentum, and that it looks like you're asking for a viable amount. In creative campaigns, the percent of random people who pre-order a product is getting smaller all the time.

**One other tip:** On Kickstarter (and many other platforms), you can create your campaign page without launching it, and then send it around to people in your network and have them look it over.

Ask them questions—What do you think of the rewards? Is this something you would give to? Get some feedback. Your audience will often give you great ideas.

**Q: Any tips on creating enticing rewards for backers?**

**A:** Think about rewards that people would share about in social media. We've done funny lip-synch videos with the movie cast that went out to backers.

People like bragging rights, like being able to say they appeared in the credits on a movie. Some people get an IMDB profile from that, which makes them feel special.

**Sherwood Neiss** co-authored the U.S. law on equity crowdfunding (the JOBS Act). He's a principal at [Crowdfund Capital Advisors](#) and [co-author](#) of *Crowdfund Investing for Dummies* (Wiley & Sons 2013).



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**Q: Sherwood, you've been involved in equity crowdfunding for startups from the beginning, and were a proponent of opening investing to the masses. Help entrepreneurs understand how investors think and what makes them invest (or not).**

**A:** There are two types of crowdfunding investors—one is your friends, family, and [customers](#). They've heard about your product or service.

The other investor is someone on a crowdfunding platform who hears about a deal they have an interest in—they have a shared interest in that industry or problem, or are also engaged in trying to solve that problem.

**Q: How can startups attract more investors to their equity crowdfunding campaign?**

**A:** You have to understand what's in it for the backer. Backers are reputation focused.

They think, first off: Do you have an exit? You have to have exit potential. Nobody's buying a dry cleaner who's never going public.

Next, they look at whether you have cash flow. How will you pay back my investment?

Personally, I think more [startup founders] should focus on the crowdfunded loans and revenue-share opportunities. They're not considered as sexy [as equity deals], but there's immediate ROI [return on investment].

**Q: How important is it to line up key backers ahead of your crowdfunding campaign?**

**A:** I'm not gonna lie to you—if you're a company looking to raise capital, and you think crowdfunding is how you're going to do it, and you don't know any investors, *you will fail.*

This is not a fishing expedition, where you throw out a net. There's zero data that proves there's a networking effect—that if an investor doesn't know the person raising the money or the solution that's being addressed, they'll invest.

You can imagine that if you have a cancer early-detection solution, that people in families affected by cancer would be engaged with it. This could benefit them—they think, "I'm going to invest in this."

Otherwise, at least 80% of the people who're going to be funding your campaign will be either first- or second-degree friends, or friends of friends.

**Q: You recently did a survey on crowdfunding for startups, surveying over 80 companies that did successful campaigns. What did you learn?**

**A:** Lots of people talked about the marketing and underestimating the time it would take. Some outsourced the marketing, but found no marketing firm has the passion for it that you do.

On average, they spent \$12,800 and raised \$319,000. For raising less than \$100,000, use the embedded legal services that come with the platform. Over that, hire your own.

**Q: Did the startup founders talk about outside advertising?**

**A:** Yes. I didn't realize so many people were [paying for Facebook ads](#)—and everyone said they did nothing.

**Q: You're a backer of startups yourself. What startup funding campaigns have you invested in, and why?**

**A:** I'm in 14 platforms, and a shareholder in StartEngine, WeFunder, and others. I've also made seven independent investments.

For three of them, I followed the crowd. I'm watching the amount of money pour into a campaign over a few days. It's clearly going to hit its target fast. I want to get in and see what's happening. There's hype around success.

I look at team bios. I look at the pitch video, at how much time you spent putting the script together. Did you address how big the market is? Why do you think your numbers are achievable?

There was a blockchain one—I have cryptocurrencies. So, I could put all my cryptocurrencies into one wallet? I need that solution, so I'll invest in it.

**Jamey Stegmeier**, [author](#) of *A Crowdfunder's Strategy Guide* (Berrett-Koehler Publishers 2015) and CEO of Stonemaier Games.



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**Q: Talk about your crowdfunding experience. You started small, right?**

**A:** I was in a book-publishing startup, and we raised \$300 to do print-on-demand. Raising money wasn't the main focus—just getting the word out that we existed. We barely made our goal.

Then, I moved into designing board games. Launched a game called Viticulture in 2012—we raised almost \$66,000, on a \$25,000 goal. Went well, considering only some of the game art was done! Art's important.

I spent the first two days sending emails to everyone I knew, trying to give them a reason to check out the page. Doing a lot of customized, person-to-person marketing really helped—something I still recommend for newbies.

I'd say, "I made this funny video, check it out," not necessarily asking them to pledge. Then, I was thanking people who pledged, usually within about an hour. That's something I look for today, as a backer—it's a mistake if the creator isn't communicating with backers.

We raised \$1.8 million in 2015 for our [game](#) Scythe. It went so big because trust is important, and by then, we'd built up that trust with backers. They look at past track record.

**Q: Any tips on building that trust as a newbie?**

**A:** The presentation on the project page can help. Also, if you have information about *how* you're going to make and ship your product, show it on your page.

Crowdfunding is more effective if you've created your product, and you just need to know how many to make. We spent months of work and expenses leading up to the crowdfunding, so I could hit Print and go when it funded.

In board games, sending out early review copies is big. We got some unbiased, third-party reviewers who would share their thoughts, and those reviews helped backers decide.

**Q: What crowdfunding trends do you see emerging?**

**A:** External [advertising](#) on places like Facebook and Instagram is becoming more important, and doing sponsored posts. Be an active member in those communities, don't just show up and ask for something.

**Q: Right. It's not, "Hi, total stranger—would you do me a favor?"**

**A:** [Laughs] Exactly.

**Q: What's your feeling on campaign videos—is short or long better?**

**A:** My technique is to try to make them just 60–90 seconds. That way, people watch all the way through. It conveyed my passion, and is something visual to make people want the *thing*.

**Q: What top mistakes do you see from newbies to business crowdfunding?**

**A:** One big one is creators don't budget properly, and guess at their costs. That can fail in terrible ways and can ruin your career.

Also, don't try to please everyone. People will pop up and say, "Could you make this in metal instead?" Respond and share that you love their interest and passion, but if you take every request, it will bankrupt you.

**Q: You have one Kickstarter feature you love—please describe.**

**A:** Kickstarter now allows you to follow other people on the platform. I have 5,000 or so followers right now. So whenever I back something, they all get an email that says, "Jamey backed this project." That's a *really* powerful thing, to get a message that a person you trust is backing something.

As a backer, I get those emails, and click, and go back those campaigns.



**Bill Clark**, founder, equity crowdfunding platform Microventures.

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**Q: What do you look for in equity crowdfunding for startups when you review applications on Microventures?**

**A:** We look for companies that are easily explainable online. Can they capture investors' interest quickly? We look for some kind of traction—could be revenue, partnerships, beta users, churn rates for an app, how often someone uses it, something like that.

We also look for unique ideas —it's not another knockoff of Groupon, or another drone.

**Q: Does the management team need previous successful startup experience? If they're green, what other assets do they need to get your attention?**

**A:** We care about the team, but a lot of these are first-time founders. If you're looking for seed investors, we're not usually the first money in. They've all raised money before, in some aspect.

**Q: What are the fringe benefits of equity crowdfunding for startups?**

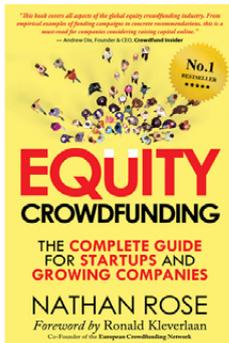
**A:** If you have a consumer product like Sweat Cosmetics (see the Crowdfunding Examples chapter below), you get thousands of new product testers. Those people become your brand ambassadors.

I've also seen retail companies get interest in franchising their business. Plant Power [a fast-food startup that raised \$450,000 on Microventures] told us they got five to six inquiries from people who said, "I want to franchise this in my state."

**Nathan Rose**, investment banker and [author](#) of *Equity Crowdfunding: The Complete Guide for Startups and Growing Companies* (Stonepine Publishing 2016). Rose also created a [tool](#) to assess your readiness for equity crowdfunding:



### Is Equity Crowdfunding Right For Your Company?



This short quiz is designed to evaluate whether your company is ready for equity crowdfunding.

There are **7 multichoice questions**.

Your answers are kept completely confidential.

Click the button below to get started.

Start Quiz

**Q: Nathan, what are the common mistakes you see with equity crowdfunding for startups? Are there must-haves – do you need a physical product, for instance? Previous company founder experience?**

**A:** Must-haves: [Traction!](#) You can't be just at the idea stage. It's not necessary to have a physical product, or previous founder experience, but it certainly helps.

If you don't have a physical product, can you point to patents, or testimonials? The more progress you can show towards customers, revenue, and profit, the better.

**Q: What's a top mistake you see in crowdfunding for startups, when companies first try equity crowdfunding?**

**A:** Common mistake: Don't try to do everything digitally. Many startup founders try to do everything through online [marketing](#)—content marketing, social media, etc.

Get out from behind the computer screen, show up to real events, and meet people in person—particularly, large investors who may be capable of writing larger checks.

**Q: What type of company story appeals to equity crowdfunding investors – what are they looking for?**

**A:** They're looking for campaigns other investors have backed. "Crowd" investors are looking for the social proof of what the smart investors are doing, so they can follow in their footsteps.

**Q: How do you create buzz with the investor types who matter for equity crowdfunding?**

**A:** Start by getting large investors on board. These are the ones who will generate the best social proof and get the initial traction for your campaign. Then, think carefully about who the ideal investor is for your company—as in, their age, demographic.

Put your campaign in places where they hang out. For instance, if you have a pet food startup and want to do equity crowdfunding, ask: "Where do pet owners go, and how can I get my offer in front of them?"

**Q: Top tips for success raising start-up capital?**

**A:** Begin with your crowd-building far in advance of actually needing the money. A highly engaged crowd needs to be cultivated over time. And you have the responsibility to provide value to them and help them get to know you, long before you ask them to invest.

# Is YOUR Startup Ready For Online Fundraising? A Quiz

Now that you've heard the pros dish about crowdfunding for startups, let's boil that down into a few key questions to ask yourself, to see if your moment to raise start-up capital has arrived:

## **Q: Does our team have time for this now?**

Online fundraising of any type is a significant time investment. Someone at your startup will have to devote a big chunk of time to planning, marketing, and then executing your campaign. Is someone available?

## **Q: Are we at the right stage?**

As you've seen, crowdfunding your startup's initial launch—when you don't yet have a product or service on the market—is very difficult. Consider whether you'd have better odds once you're more established.

## **Q: Can we wait to get the money?**

It's often 6 months or longer from idea to funding in equity- or rewards-based crowdfunding for startups. Think on whether your [financial needs](#) are more pressing than that time frame can accommodate. If so, you probably need to look at crowdlending—or at other funding options.

## **Q: Does my startup have the budget for online fundraising?**

You know the saying: It takes money to make money. Be sure you have a marketing budget before you embark.

**Q: What is our marketing plan?**

Online fundraising for startups rarely succeeds without heavy marketing. Know who will [create videos](#), contact media, hit social media, and email your list.

**Q: Is our team seasoned?**

It's easier to raise money online if your team has major credibility in your industry, from past jobs or other startups. A green team faces an uphill battle.

**Q: Is what we offer unique?**

Groundbreaking solutions and products tend to readily attract backers in crowdfunding for startups, not copycats. Think about whether you can position your offering as something truly new in the marketplace.

**Q: Do we know costs and timelines for making our product?**

If your rewards-based campaign involves product delivery, it's critical to know your cost and [delivery timeframe](#), so you can avoid angry backers (or taking a loss on your product). Guesstimating can be disastrous, as you'll see in the Crowdfunding Examples chapter below.

**Q: Do we have connections?**

If you can get key investors or top industry influencers on board before you launch your campaign, crowdfunding a startup business is easier.

**Q: Are early backers ready to go?**

Remember, pledges in a campaign's first few days are critical in online fundraising.

**Q: Can we get media coverage?**

Many crowdfunding campaigns get put over the top by favorable media coverage. Have you had any in the past? If not, think about whether you could get any media help in generating buzz. It'll be a tougher slog without it.

# Crowdfunding, Crowdfunding, Crowdfunding, Crowdfunding: Which Is For You?

If that Q&A above led to the insight that you're ready to get your startup some crowdfunding money, the next step is deciding what type of platform to use.

Where do you fit into the crowdfunding world? Here's a quick summary of the key success traits for each crowdfunding type:

## Rewards-Based Crowdfunding

Key traits of successful, rewards-based crowdfunding for business startups include:

- A pre-built audience or network of customers, friends, or social media followers
- A product or project that's new, innovative, and unusual
- The ability to get media coverage
- Available time to promote the campaign

## Equity Crowdfunding a/k/a Crowdfunding

Key traits that help companies raise startup capital through equity crowdfunding include:

- Willingness to give up an ownership stake
- Management team with a proven track record at past startups, or job history at major industry companies (i.e., Google, Apple)
- Past history of successful fundraising
- Contacts in the investor community
- Technology angle is a big plus

## Peer-to-Peer Crowdfunding a/k/a Crowdlending

Key traits that help startups succeed in P2P crowdfunding:

- A good credit rating
- In business usually at least 6 months to 1 year
- The ability to tell a compelling story about why your startup needs money

### TO SUM IT UP

**If your small business is off the ground—or has the cred to attract attention online—crowdfunding for startups can be a great way to grow. Choose the type of crowdfunding for business that's right for your company.**



4

# Crowdfunding Examples: Lessons From The Winners

One of the best ways to learn about crowdfunding is to read exactly how other startups ran mega-successful crowdfunding campaigns. Enjoy the insider tips in these crowdfunding examples, from recently successful creative startup teams in different industries. I've also included a rundown on the top 10 best Kickstarter campaigns of all time.

## **Snuggly Success: How Animoodles Raised 4X Its Kickstarter Goal**



Can stuffed animals be even more lovable and fun? Animoodles says they can, when strong magnets allow a set of stuffies to be mixed into new shapes and combinations. Animoodles is also one of the most successful crowdfunding examples for a non-techy, consumer product in recent years.

Billed as “the world’s cutest building toys,” Animoodles raised just over \$100,000 in its Kickstarter crowdfunding campaign, blowing past its \$25,000 goal. Not bad for a first product that attracted its initial audience with a ‘mystery’ opt-in page that simply hinted the team was making something and asked for emails.

**Created by a team of ex-Apple, Disney, and Pixar artists-turned-entrepreneurs, Animoodles became a crowdfunding darling by riding the cred of its team’s solid-gold work experience, coupled with the ‘awww’ factor.**

In a lively, animation-filled Kickstarter campaign page, the Animoodles team revealed the concept, backstory, and feel-good mission of Animoodles (to help save endangered species). Their campaign page is a great example of successful crowdfunding marketing, with fun videos and lots of info.

Here’s co-founder and chief designer Marissa Louie with the lowdown on the role rewards played in this campaign, and how Animoodles delighted its backers:

“We thought Kickstarter was the best match for us, in terms of having a lot of toys, kids’ products, and design-oriented projects, compared to other crowdfunding platforms.

“Our rewards included cool, free activities and crafts, to give little touchpoints of excitement. When we hit a milestone, we’d reveal the next level, because we wanted to keep the momentum going.



**Marissa Louie**

“We offered Halloween stencils based on the characters, and people used them to carve pumpkins—and then posted those on [Instagram](#) (which also helped spread the word about the campaign). Our activity storybook was a coloring book but also tells a larger story about the animals, which are all endangered species.

“We had eight rewards levels in all, and we’d unlock new levels as a level got full. When we hit goal, we launched an elephant as a bonus animal, with 100% of profits going to the African Wildlife Foundation.

**“We could have capped the reward levels and limited how many we sold in the campaign. Kickstarter lets you. But we wanted to build the first generation of avid fans. They’re still active a year later, sharing photos of Animoodles online.”**

In wildly overselling its campaign, though, Animoodles faced a classic manufacturing test: how to deliver, on time, what turned out to be over 900 orders. (Too many bad Kickstarter crowdfunding examples have had a hot campaign, but then [failed to deliver](#) the goods.)

The tricky part was, Animoodles had designed some rewards levels as “pick any two” and “pick any three” of the five-animal set, so each order had to be customized.

Planning for production started 6 months or more before launch, Louie says. Having set an aggressive delivery date of 6 months after launch, Animoodles relied on two team members with a combined total of 50 years’ manufacturing experience, including making toys in China. One was a former director of top educational toy maker Leapfrog.

Packs that were sold as a fixed set—such as packs of all five animals in the original set—were pre-packaged at the factory, Louie says. The mix-n-match sets were shipped as individual plush toys and packaged at a U.S. facility. With careful planning, Animoodles was able to deliver in 3 months, overachieving to surprise its fan base.

#### **LOUIE'S TIPS?**

**You want to hit your funding target fast. Animoodles hit \$25,000 in 11 hours—and then Louie got busy alerting the media. The result was several favorable mentions during the campaign that helped draw more backers.**

What's next for Animoodles? In September 2018, the company was plotting its return to Kickstarter to sell its second six-pack of plush toys. The original set are for sale online and in select toy and gift shops.

## Rewards + Equity: How Canada's Hardbacon Raised \$52K—and \$250K



Montreal finance-education startup Hardbacon started small in crowdfunding, with a \$7,600-goal [campaign on Ulule](#) for an online finance course that, at the time, didn't yet exist.

CEO and co-founder Julien Brault chose Ulule in 2017, after meeting the platform's CEO when Ulule opened a local office. At the time, Brault says, he was casting around for a business idea that would use the website-development and [lead-generation](#) skills he'd honed at past jobs.

What he came up with was an online course in investing. Not Another Boring Course About Investment was marketed as "100% guaranteed unboring."

What drove this seemingly low-key, small campaign to wildly overachieve and raise nearly \$52,000? A hilarious short video featuring Brault, his cat, and a guy on a toilet, demonstrating Hardbacon's zany, fun approach.

**Hardbacon took full advantage of Ulule's advanced translation features, which meant its page would display in French or English automatically, depending on the user's preference. He said Kickstarter couldn't offer this seamless experience.**

Out of all the startup crowdfunding platforms out there, Ulule was the only one that actively sought Hardbacon's business, offering tips on how online fundraising works, he says. Trying to raise such a small amount on Kickstarter, Brault doubted they'd get featured, especially since their own backer list was under 800 people.



**Julien Brault**

With modest reach on their own, Brault says Ulule helped Hardbacon ramp up fast.

“Ulule told us how to run a campaign,” Brault says. “You usually make mistakes and get good at crowdfunding over multiple campaigns. Instead, at Ulule, we were in their office, they had their manager help us. We had a bug once, and sat and talked to their guy while he fixed it.”

“They taught us, ‘your biggest marketing asset is your contributors.’ So we started reaching out to influencers. I’ll give you a secret: Most are charging money, and won’t share your stuff free. We built a list of people who had a huge following who weren’t stars, but had enormous reach.”

“We’d build quotes with their face, and they thought it was cool. They’re flattered. One said, ‘Your video is so fun, I’ll share it free.’ Some [second-tier] influencers aren’t in the business of [monetizing](#) their reach.”

**How did Hardbacon go viral, from its relatively small fan base? Brault says the startup got a little help from Nouncy, a [social tool](#) that helps you encourage all your fans to post something at the same time.**

If 150 people around Montreal’s tech scene tweeted about Hardbacon in the same hour, hundreds of people would see multiple social media connections talking about Hardbacon all at once. This piqued interest and brought new backers.

This initial success got Hardbacon launched, and it quickly grew into a much broader financial-education platform, more of a Mint.com for Canadians.

A year later, it was time to leverage that initial crowdfunding success and take it to the next level. With more knowledge of how to do online fundraising, the startup embarked on an equity crowdfunding round for the Hardbacon app.

This time, Hardbacon chose Canadian equity crowdfunding platform GoTroo. Hardbacon hit its maximum target and [raised \\$250,000](#) on GoTroo in roughly 30 days in summer 2018.

Why GoTroo? Brault cites a novelty element of using a newer, emerging platform (GoTroo was founded in 2015), and he says he liked the Canadian focus.

#### THE BIG PLUS

**The equity raise could go for general business purposes and growth, rather than being earmarked for one product.**

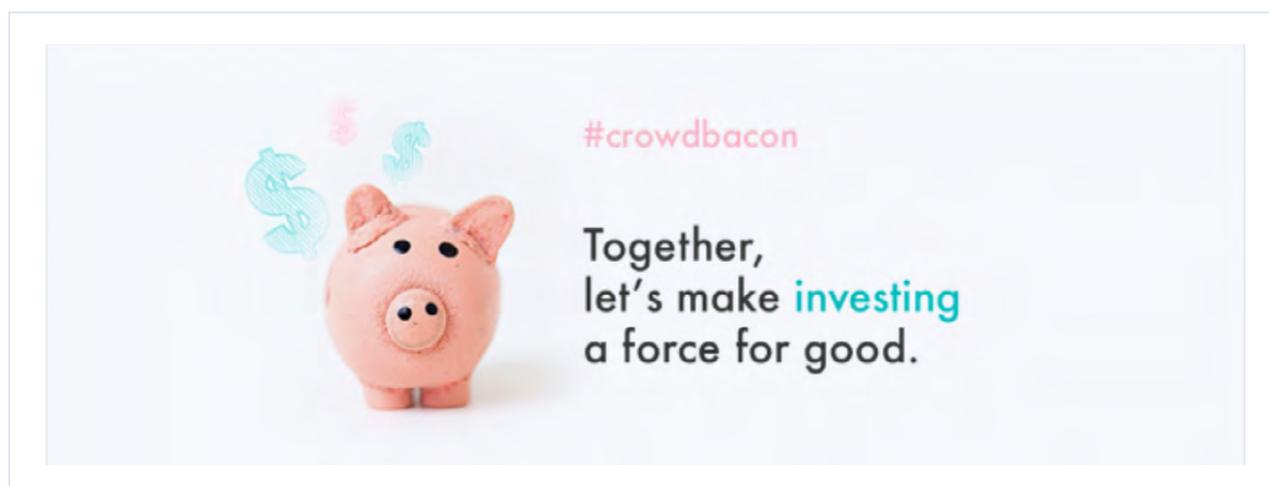
The relative rarity of equity crowdfunding helped Hardbacon get press attention, too. Brault says over a half-dozen publications mentioned the GoTroo campaign—driving [traffic](#) to the campaign page and yielding social proof in the form of quotes Hardbacon added to the page.

Different media were interested in different angles, Brault says. Financial-services writers liked that Hardbacon included a financial-planner tool, and tech outlets noticed the app got featured in Apple’s “New Apps We Love.”

In the GoTroo equity campaign, the startup sold a roughly 18% equity stake, at \$.90 per share, to over 360 investors. Minimum investor commitment was 110 shares. Hardbacon was valued at \$1.5 million going into the transaction.

Hardbacon’s own users were a major source of funding, especially in the first days, says Brault. Some \$30,000 was raised on day one, with the campaign hitting \$100,000 four days in.

The secret sauce this time? Text messaging, press mentions, and a snappy hashtag:



Software such as TextMagic [enabled](#) Brault to send out mass text messages that appeared individualized to hundreds of followers at a time. This spread the word quickly.

## Going For Gold: Sweat Cosmetics Leverages Its All-Star Team



The beauty business is tough to crack for new entrants, and there are few equity crowdfunding examples in this sector. But Sweat Cosmetics in Denver [made it happen](#) in April 2018, with a big assist from its amazingly photogenic, all-woman founder team of former pro athletes.

Sweat creates makeup athletes can wear while they work out, making the founders the perfect spokeswomen for their products. The team consists of all former pro athletes, including two-time Olympic soccer gold medalist Lindsay Tarpley.

**Sweat raised \$255,000 from over 500 investors in April 2018 on Indiegogo's First Democracy VC equity crowdfunding platform. Investors received preferred stock in Sweat.**

Co-founder Leslie Osborne said the campaign had a \$50,000 floor, and anything above that was a plus. Putting the equity crowdfunding campaign and legal paperwork together was a 6-month process, Osborne says.

Strengths that weighed in Sweat's favor for an equity campaign:

- A previous small seed-funding round of \$30,000 or so in 2015
- A sales track record of more than \$1 million in revenue to date
- Sweat's marketing firm, Agency 2.0, had a relationship with First Democracy
- Can you hum the Olympic theme?

Marketing was [another strength](#), as the team was well connected thanks to their sports careers. They started the campaign with a 20,000-name email list and 48,000 Instagram followers.

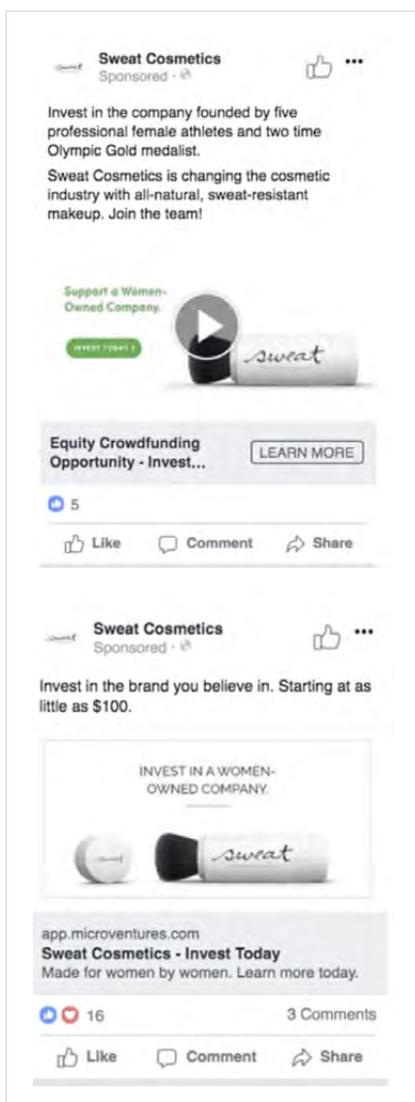
“Our network is our strongest suit,” says Osborne. “One thing we learned is that in equity, you can't tell anyone you're doing a campaign until it goes live. That's when you start marketing.

“We had 60 days once we went live, and Agency 2.0 did a great job promoting it with Facebook ads and other digital media. We're a female-founded, female-run company, and we tried to hit home on that.



**Leslie Osborne**

“Our [ads did great](#), and we were sending out email blasts. We spent \$10,000 on Facebook.



As with many other successful crowdfunding examples, Sweat grabbed media attention by quickly hitting its \$50,000 minimum. Their skyrocketing fundraiser caught the eye of *Money* magazine and *USA Today*. The latter [featured Sweat's execs](#) in a cover story on crowdfunding that dropped while their crowdfunding campaign was still under way.

Like many product-focused companies that do equity crowdfunding, Sweat also gave investors perks like \$100 gift cards for Sweat products. Big-money investors were treated to a New York City Sweat Party event.

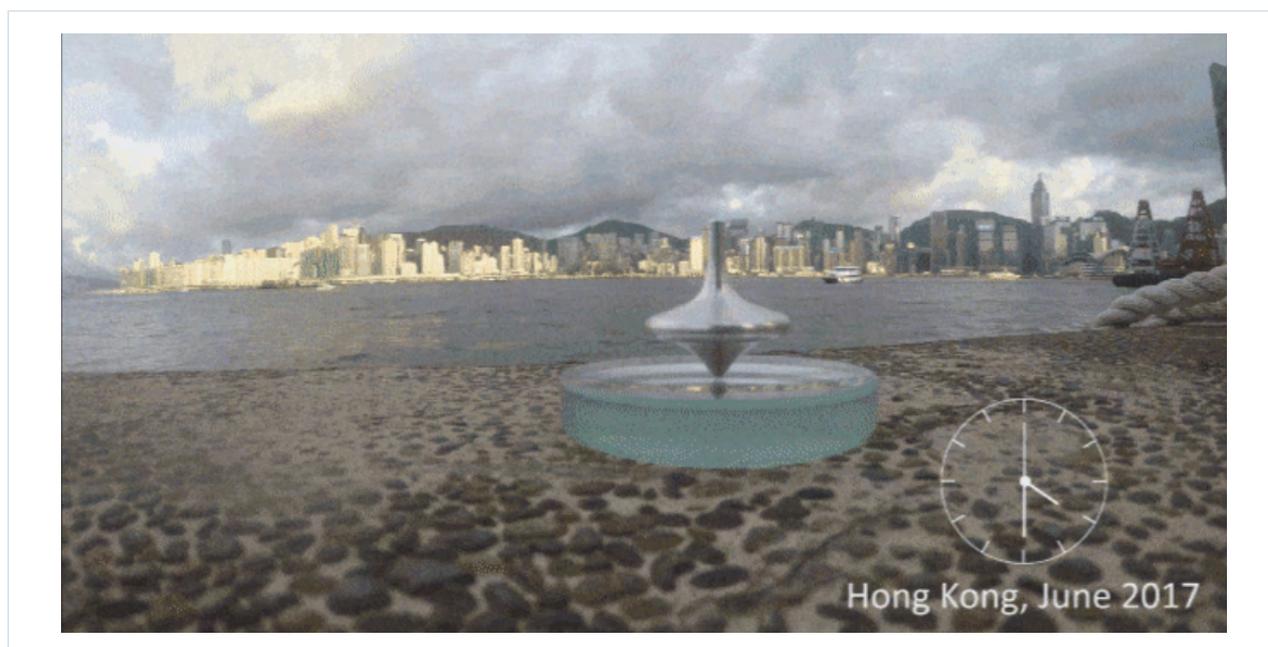
**Sweat plans to spend its crowdfunding for business growth: new-product development, marketing, and inventory replenishment, Osborne says.**

## OSBORNE'S TIPS

The higher your profile is going in, the more likely you'll strike gold on media exposure during your campaign. Sweat's execs had hit *Good Morning America* in 2016, and the company had products reviewed in women's magazines prior to the campaign.

**Also: Shop around on legal paperwork, if you're doing equity. Osborne says they got several bids for low-cost help, went with another provider than First Democracy's own service, and saved several thousand dollars.**

## Magic Top Spins to Success on Both Kickstarter *and* Indiegogo



**“How much could you raise online, if you had the next fidget spinner?”**

That’s the marketing handle startup Fearless Toys Ltd. of Jersey City, NJ, gave its first product in mid-2018. The company developed the LIMBO, a self-balancing, gyroscope-driven spinning top that usually spins for over 4 hours.

A novelty in what Fearless calls the “FunTeach” sector, the mesmerizing top can help get kids interested to learn how gyroscopes work. Simple but innovative, the [toys](#) became one of the hottest rewards-based crowdfunding examples of 2018, earning Fearless almost [\\$688,000 on Kickstarter](#) from over 8,700 backers.

This successful crowdfunding campaign’s secret sauce? Fearless got the LIMBO into the Guinness World Book of Records. The Guinness win helped LIMBO garner at least a dozen major press mentions, from outlets including Mashable, Digital Trends, and Yahoo! News, exposing the gadget to thousands of potential backers.

**It likely also didn't hurt that the audience for the product was, well, everyone who needs a holiday gift for the kid (or grown-up nerd) on their list.**

Fearless's lengthy Kickstarter campaign page is a textbook example of how to generate excitement. It includes several good crowdfunding video examples. Graphics and GIFs also cover various topics—how the top works, how it's manufactured, and how LIMBO performs in a variety of challenging situations.

A series of videos and GIFs show the LIMBO spinning on a tomato, a squishy laptop case, a lit candle, on top of Fearless designer Yoav Amir's bald head—even in a hypnotic time lapse of a 4-hour spin on a Hong Kong beach.

With four different aluminum and titanium models, Fearless offered an extravaganza of 16 different pay levels (a half dozen would be more typical).

At the low end, \$49 backers got one LIMBO, a keychain, and charging cable. At the top level, 73 backers paid \$299 for an exclusive, Kickstarter-only World Record kit that included the titanium model and extra batteries that allow the top to spin for 40 hours. Another 50 backers paid \$289 for a package of all four models.

Since their Kickstarter smash, Fearless [transferred over to Indiegogo](#) to raise even more through Indiegogo's In Demand feature. That pushed the total raise to over \$750,000 by September 2018. Fearless is promising December 2018 delivery, to capture those holiday sales.

One key alliance may help Fearless make that deadline: It partnered with Breaking Games, the indie game-publishing arm of game printer Ad Magic, to put out the LIMBO. Teaming up with an established publisher no doubt lent Fearless more credibility and gave backers confidence the techy top would actually get made.

## Nearly \$12K a Month For Safety Videos: A Patreon Case Study



**Kevin Morris's online business began from his personal passion: The entrepreneur from Ft. Worth, Tx., just wanted motorcycle riders to avoid getting injured.**

He ended up combining that passion with his corporate experience in web development—for companies including American Airlines—to create a successful [online business](#). Few crowdfunding examples seem as picture-perfect; Morris is basically living the dream of getting paid to do what he loves.

A longtime motorcycle-safety instructor, Morris set up a website, MCrider.com, and a [YouTube](#) channel, to get safety tips out to as many bikers as possible.

Then, he began looking for ways to make the effort pay off beyond the occasional YouTube ad commission. He learned about Patreon and [set up shop](#) there in early 2017.

To get the tips out to the most riders, he decided not to charge riders for the videos, so sites like Kickstarter weren't a fit for this project. Getting support from his fellow motorcycle instructors and enthusiasts, who shared his love of riding, seemed natural.

"I wanted to give back to the motorcycle community and help keep people safer," he says. "I was posting weekly content and getting a pretty good response. Then, I created a mobile-enabled MCrider Field Guide. It allows riders to go out in a parking lot and practice, holding the app.

"When I first started on Patreon, I got two patrons. When I started promoting it and mentioning I was on there, it started growing. I got in the habit of never being afraid to ask for the sale. So there's a quick intro video and then I say, 'Hey, subscribe to get access to the field guide and forums.' I never thought it would turn into a full-time business, but it did."



**Kevin Morris**

**The tight-knit motorcycle community liked Morris's commitment to helping—and his pricing. He has just three patronage tiers: \$3, \$5, and \$50. All get access to the field guide and forums.**

At \$5, patrons can also suggest video-safety topics for Morris to cover. The \$50 patrons get swag including sponsor credit in his videos, MCrider apparel, and a vote on what videos he'll make next.

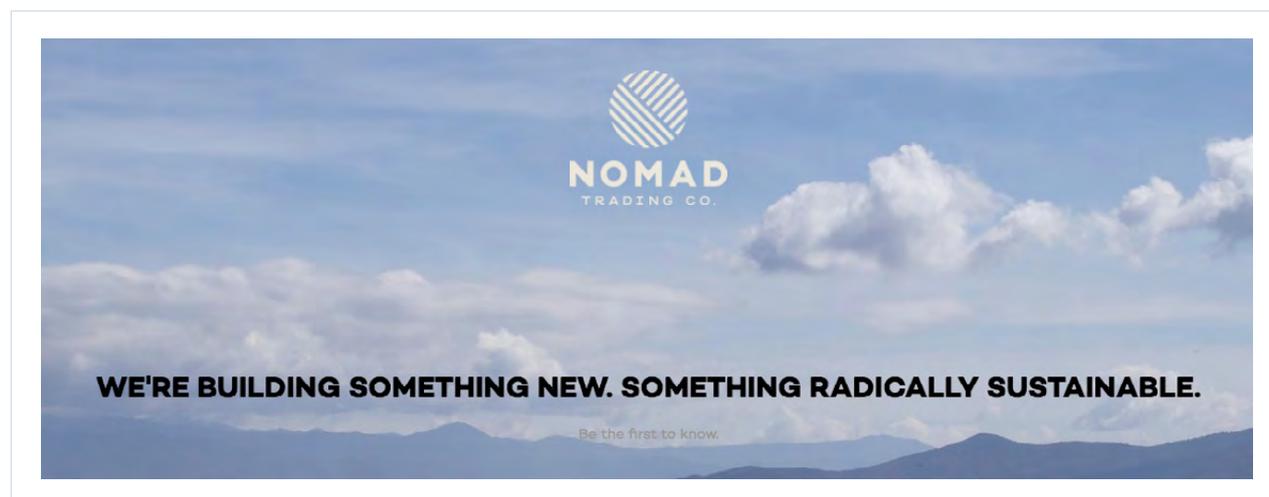
Over 2,600 patrons now support MCrider, paying an average of \$4.50 a month. It's successful crowdfunding that's different than probably most startup founders imagine—but who wouldn't like to make a steady living from their business?

#### **MORRIS'S TIP?**

**Give away valuable content to get patrons interested. He gives away most of his content in his weekly free safety videos, then rewards patrons with deeper help on chat forums and with his field guide.**

Building his online business has turned out to be a blessing for another reason: Knee problems now keep Morris from working as an instructor. He's fortunate to have his Patreon business to replace the lost income.

# Inside Nomad Trading's 'No Marketing' Energy-Drink Triumph



Sometimes, when you create a new product, you just want to see what people think of it—people who aren't your personal friends and family. There are many crowdfunding examples where companies do online fundraising mostly as a form of market research.

**That's what Brooklyn-based Nomad Trading Co. decided to do in 2018, debuting a new, chemical-free [energy drink on Kickstarter](#) to gauge consumer interest.**

The company had created a tea drink in the past, and—with their mission of radical sustainability—they were interested to find ways to reuse coffee-fruit discards, which are a major source of agricultural waste.

Co-founder Max Keilson says the idea was to put the Nomad Energy Drink they formulated from coffee cherries up on Kickstarter without a big marketing push, to see if it would attract interest from people who knew nothing of the company or its mission.

Marketing was minimal—the company posted to its Instagram and Facebook pages. Keilson says a few emails went out to their 800-person list, built from a simple “coming soon” opt-in page.

**What they *did* do was ask for help from Kickstarter in creating their campaign, which included a top-level reward of an \$1,800 Costa Rican trip. The result: Nomad Trading raised over \$16,500, far outstripping their \$5,000 goal.**

“They don’t provide demographics on the Kickstarter audience,” Keilson notes. “But I had a sneaking suspicion it skews male, early adopter... and that they’re pretty heavy caffeine consumers.

“So we thought it was a fit for us to test this. We wanted to know, ‘If this exists in the ether... would people buy it?’

“We spoke to Kickstarter a bit to learn best practices on how to design our page—and they were incredibly helpful. They said, ‘Once it’s ready to go live, send it over, and we’ll look it over and see if it makes sense to feature it.’



**Max Keilson**

“They ended up sending it out in their newsletter, and that helped us get off to a really strong start. Kickstarter has analytics, and we saw close to 40% of our funding came from people browsing Kickstarter, who saw us in the newsletter, or in a list, or on the front page.

“We hit our \$5,000 goal within 16 hours. By the end of day two, we’d hit \$10,000.

“Right away, people bought one of the really high-ticket items—the trip to one of our farms in Costa Rica. Which really shocked me.

“Then, the fact that we hit goal in 16 hours did help us get a little bit of press. That probably delivered 10% more, about \$1,500.”

In September 2018, Nomad Trading (no relation to gear company Nomad Lane, the travel-gear startup featured in Chapter 1), Keilson reported production was on track to ship Nomad Energy drinks to backers later that month, meeting their delivery target.

**Nomad Energy drinks are also set to appear in Whole Foods on the East Coast, leveraging Nomad’s previous relationship with their region’s local buyer.**

#### KEILSON’S TIPS

**Ask for help from your crowdfunding platform! Getting staff familiar with your campaign may help you get featured. Do all you can to hit your funding target fast, to build buzz, get press, and get discovered by site visitors.**

# Top 10 Best Kickstarter Campaigns of All Time

When entrepreneurs go looking for great crowdfunding examples, what they're often looking for isn't necessarily the most recent winners, but the all-time greats. If that's your interest, here for your [inspiration](#) are the ten best Kickstarter campaigns ever, in terms of money raised (as of September 2018).

Not all these stories ended happily. Be sure to learn from both the positive and negative crowdfunding examples here:

## 1, 3, and 5: Pebble Smartwatches



That's right—three of the top 10 spots are occupied by the same company. Pebble Technology burst on the Kickstarter scene in 2012, raising \$10 million for its E-Paper Watch for iPhone and Android. The first \$1 million came within 24 hours.

The company returned in 2015 to raise a [#1 record](#) (\$20.3 million on a \$500,000 goal) for its “better than the Apple Watch” models, cementing its reputation as the company with the best Kickstarter campaigns.

#### TAKEAWAY

**Early-adopter techies love unique products. Period.**

Pebble’s final Kickstarter round came in 2017, when new watch models raised \$12.8 million on a \$1 million goal. The company cashed out big shortly afterward, with FitBit buying Pebble out for [\\$23 million](#) later that year.

**For invaluable guidance, study this company’s products, marketing copy, and campaign pages in detail. Pebble is the ultimate successful crowdfunding example.**

## 2. The Coolest Cooler

COOLEST COOLER: 21st Century Cooler that's Actually Cooler



The COOLEST is a portable party disguised as a cooler, bringing blended drinks, music and fun to any outdoor occasion.

Stay updated!

Created by  
Ryan Grepper

The second-biggest Kickstarter campaign ever is also known as one of the most [spectacular failures](#) in crowdfunding history. The Coolest Cooler inventor Ryan Grepper raised over \$10 million back in 2013, exciting techies with its built-in USB charger, blender, Bluetooth speaker, and more.

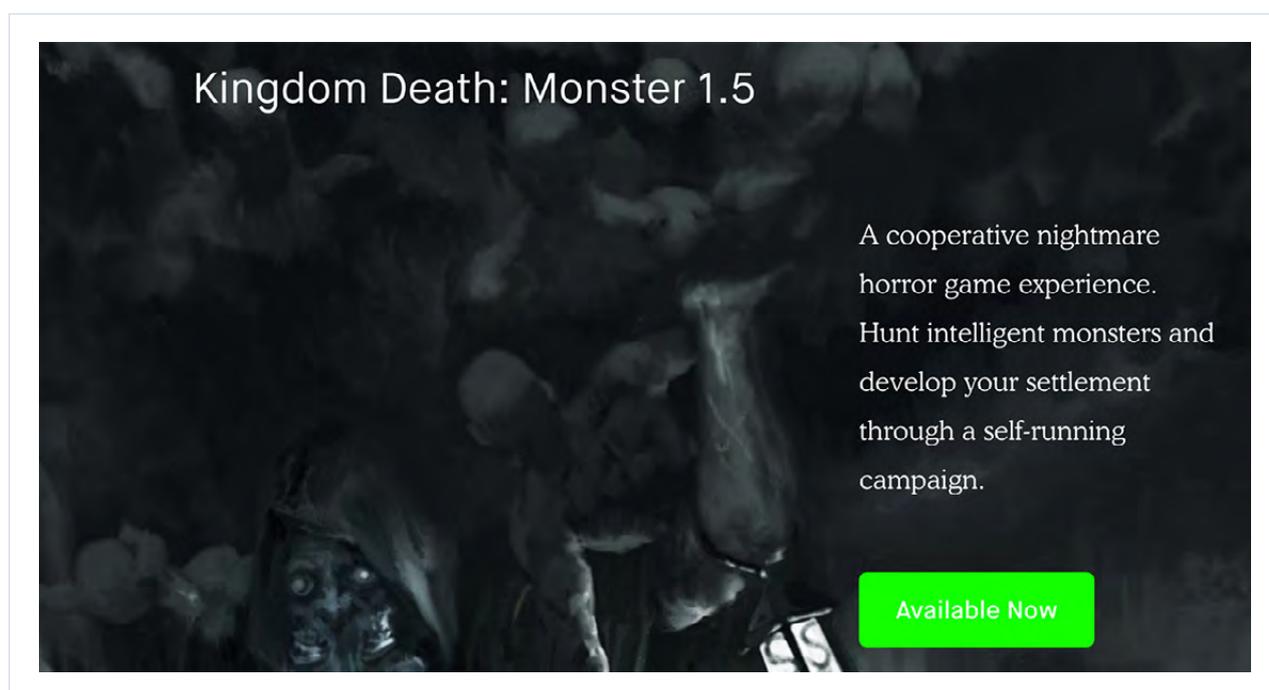
The bad news? Coolest Cooler couldn't deliver the product, in a classic failure to properly price and plan for manufacturing and shipping. As Mashable reported, two years later, only a small fraction of buyers had received their coolers.

At one point, investors were asked to put in additional money to get their coolers shipped. Class-action lawsuits were threatened.

**Despite the PR black eye and being mentioned in numerous media stories as one of the biggest-fail crowdfunding examples, the company survived.**

If you want to know if you can bounce back from crowdfunding failure, Coolest Cooler proves you can. The company returned to Kickstarter in 2014 and successfully raised a chart-topping [\\$13.3 million](#), with delivery going off without a hitch. Coolest Coolers are [sold today](#).

## 4. Kingdom Death: Monster 1.5



Here's another category with many great crowdfunding examples on Kickstarter: board games. Kingdom Death's "[cooperative nightmare](#) horror game experience" raked in almost \$12.4 million in 2017. The first \$1 million was [raised in 19 minutes](#), a Kickstarter record.

### A CLEVER ANGLE HERE

Kingdom set a long timeline to deliver all the game elements, which aren't all set to deliver until 2020. Clearly, game fans— over 19,000 of them— trusted the company to keep making game pieces for years to come.

## 6. The World's Best Travel Jacket

### The World's Best TRAVEL JACKET with 25 Features | BAUBAX 2.0



**#1**  
 FASHION  
 KICK  
 STARTER

THE WORLD'S BEST  
**TRAVEL JACKET**  
 WITH **25** FEATURES

▶

WATCH FULL VIDEO  
 AND TRAVEL SMART

Travel Jackets with Built-in Neck Pillow, Eye Mask, Gloves, Blanket, Footrest, Bottle, and 12 utility pockets for All Your Travels

Pre-Order Now

Created by  
**BAUBAX LLC**

Here's a successful crowdfunding campaign in another big Kickstarter category: techie clothing. Baubax LLC [scored](#) one of the best Kickstarter campaigns ever with this 15-featured travel jacket. After all, who doesn't want a build-in neck pillow, eye mask, blanket, and phone pocket all built into their outerwear?

Nearly 45,000 backers craved just that, ponying up almost \$9.2 million to pay roughly \$100 for a jacket that would retail for more. Baubax has since racked up [another success](#) over on Indiegogo, raising \$4.3 million in April 2018. Study Baubax if you want to learn how to do successful crowdfunding, as they've mastered the formula.

## 7. Exploding Kittens



Did I mention card games are also highly popular on Kickstarter? In one of the most notable crowdfunding examples for a card game, creator Elan Lee's zany Exploding Kittens raised \$8.78 million in 2015 from a staggering [219,000 backers](#).

**This is one of the better crowdfunding project examples for yielding fringe benefits beyond money raised. Exploding Kittens' Kickstarter helped create huge buzz for the new game, making this the 'it' game gift of that holiday season.**

## 8. OUYA Video Game Console

OUYA: A New Kind of Video Game Console



Cracking open the last closed platform: the TV. A beautiful, affordable console -- built on Android, by the creator of Jambox.

Created by  
OUYA

---

63,416 backers pledged \$8,596,474 to help bring this project to life.

One of the best examples of crowdfunding to a tech audience here: Backers shelled out \$8.6 million for the maker of Jambox's newest thing, an elegant [square console](#).

**A solid track record helped create instant buzz for this one way back in 2012. Notably for a tech product, Ouya is still [sold today](#), and has added more features over the years.**

## 9. The 7th Continent

THE 7th CONTINENT – What Goes Up, Must Come Down.

The image shows two board game boxes for 'The 7th Continent'. On the left is a dark blue/black box with a gold skull logo. On the right is a white box with a gold skull logo. In the center is a large gold '7th' logo with 'the continent' written below it in a stylized font. A banner at the bottom of the logo reads 'EXPLORE. SURVIVE. YOU ARE THE HERO!'.

Get ready for brand new adventures in the first ever board game where YOU are the hero! 1000+ minutes of adventure for 1 to 4 players.

[Official website](#)

Created by  
Serious Poulp

Board games triumph again, with Serious Poulp pulling in [\\$7 million](#) in 2017 for its cooperative game adventure The 7th Continent. This makes 7th Continent one of the newer entrants on the top ten. Poulp is due to deliver in fall 2018.

## 10. The Everyday Backpack, Tote, and Sling



The world's best everyday bags. Designed by photographers to revolutionize camera carry, but built for everyone to organize your life.

[Pre-Order Now](#)

Created by  
Peak Design

Another highly popular Kickstarter category hits the top 10 with this travel-bag entry. Peak Design's three, full-featured travel bags were a [megahit](#) in 2016, raising almost \$6.6 million.

**Peak Design returned in 2018, raising [\\$4 million](#) for its Versatile Backpack + Packing Tools set.**

## The Sad Tale of #11



An unusually addicting, high-quality desk toy designed to help you focus. Fidget at work, in class, and at home in style.

[Buy Now](#)

Created by  
Matthew and Mark  
McLachlan

One final note about top Kickstarters: The 11th biggest winner is another notorious failure among top-grossing crowdfunding examples. The vinyl Fidget Cube hoped to be the [next fidget spinner](#).

The gadget raised \$6.5 million in 2016 but ran into delivery problems. Angry backers watched cheap knockoffs of the Cube [debut for less](#) on Amazon before they received their toys.

### MESSAGE

**Delivery speed matters.**

## Harvest the Lessons

I hope these crowdfunding examples gave you tons of ideas on the best way to approach your own crowdfunding campaign. (You can always check if a new entrant has beaten the Kickstarter all-time top 10 by searching “most funded” campaigns on Kickstarter.)

**Gather up the best tips, because next, you’ll see how to use them to plan and execute your own successful online fundraising.**

**5**

# **Plan Your Startup's Crowdfunding Campaign: A Recipe For Success**

Hopefully, you've gotten inspired by all those crowdfunding examples. You've considered when to launch a crowdfunding campaign, and decided your time is now.

**If you're wondering how to start a crowdfunding campaign, here's an easy, step-by-step [action plan](#) to help you build your own crowdfunding campaign strategy.**

## A. Define Your Campaign

First, let's answer the key questions that shape all successful crowdfunding campaigns:

- What are you going to raise money for?
- Where will you raise it?

The answers to these two questions are related.

For instance, if you want to raise funds for growth, equity crowdfunding or crowdlending are your options. Rewards-based crowdfunding requires a concrete, specific project or [product](#).

Once you know the category you'll use, it's time to compare platforms and choose one for your campaign. You can use the platforms list in Chapter 2 as a guide.

Apply to your chosen platform and see if you can get accepted. Especially in equity, platforms are highly selective and reject many applicants. Be sure to have a backup plan with additional platforms to try.

Two more key questions:

- What is the purpose of your crowdfunding campaign?
- How will you structure it?

Again, these two questions are linked.

While most of the best crowdfunding campaigns are done to raise money, some are more about market research, as we saw with Nomad Energy. The purpose of your crowdfunding campaign will shape whether you want to do an 'all or nothing' or 'keep what you raise' campaign.

**If you're manufacturing something, you may need to hit a funding level to be able to make your widget. In that case, 'all or nothing' is a must.**

#### ONE THING TO CONSIDER

Experts think flexible, 'keep what you raise' crowdfunding campaigns aren't as motivating for investors or backers.

“The idea is to say, ‘This is something that won’t be made without your help,’” says author Michael J. Epstein. “When people do flexible Indiegogo campaigns, it says, ‘We don’t really need this money, we’ll do it regardless.’”

“I worry it sends the wrong message, and possibly changes the amount a person wants to commit to your campaign.”

In other words, ‘all or nothing’ crowdfunding campaigns create urgency for backers. They know you need their money to put their campaign over the top and get your thing made.



**Michael J. Epstein**

- How much will you raise?

The answer to this question often determines the success of your crowdfunding campaign. Setting too low of a goal may leave you without enough cash for your business’s needs, but setting it too high may make your crowdfunding campaign fail.

**In equity, you’ll often be setting a fundraising range, say \$50,000–\$250,000. Making your bottom figure means you keep the money.**

**BIG TIP**

**Study the statistics on successful crowdfunding campaigns on your target platform and the average amount they raised. If everyone on the platform is setting a \$1 goal so they can easily overachieve and look buzz-worthy, you'd do well to follow the crowd.**

- Who is your audience?

You may already partly know the answer to this question, if you're not on your first product or service. But remember that your existing audience might be different from the audience that wants to back your thing in a crowdfunding campaign.

Now's a great time to do market research, particularly of past successful campaigns in your space. See who backed them and why. Read the campaign comments to get a sense of audience concerns. This will help you plan your crowdfunding campaign strategy.

- What is the budget for your crowdfunding campaign?

How much can your startup spend in order to attract this online money? This figure will shape your crowdfunding marketing plan.

For instance, will you need to rely on your team's muscle and free marketing methods such as email? If you can afford to spend for advertising or hire pro outside help on your campaign, you have more options.

- What is your target launch date?

You've learned about the need for a pre-planning phase of 6 months or more. With equity campaigns, you can't market beforehand, but you'll need to do much legal and other prep work behind the scenes to make your launch go well.

Consider how ready your audience is for your offer, or how much new work is needed to build more interest. Then, figure out your best potential [launch date](#). Startups with successful crowdfunding campaigns usually aren't rushed to market—the founders wait for their ideal moment.

## B. Get to Know Your Crowdfunding Platform

Once you're accepted to a fundraising platform, it's time to learn the specifics of how to win on that particular site. Running a winning Kickstarter campaign is very different from getting equity investors on First Democracy VC, or a loan on Funding Circle.

Many top platforms offer their own how-to guides that distill the lessons from their best crowdfunding campaigns (see Crowd Supply's in-depth guide [here](#) as an example). Study and follow your guide!

Don't work in a vacuum, either. Follow the example of Canadian startup Hardbacon, and reach out to platform managers with questions and requests for feedback. If managers know your campaign, they're more likely to feature or recommend it, which could help you raise more.

**Some platforms even give you a coach or mentor from their staff. Search every corner of the platform, and take advantage of all the free resources your platform offers.**

## Consider Using Platform-Based Services

Most big platforms offer a range of page design, marketing, video production, legal paperwork, shipping, and other services to help your campaign succeed. Sometimes you'll be offered free services, whereas others charge you for various types of help.

**Consider your team's weak points, time constraints, and whether using platform services—or your platform's recommended [partners](#)—would be a good move. Many of the best crowdfunding campaigns make use of third-party help.**

## C. Create Your Crowdfunding Marketing Plan

This section might be better titled, Create Your Battle Plan. You'll be fighting a war for backers' attention in an era of record-short attention spans. How will you be victorious?

Begin by assembling your 'army' of people, methods, and weapons (a/k/a tools) that you can use in your quest for success.

### Choose Your Crowdfunding Marketing Methods

How to market your crowdfunding campaign? Begin by deciding what forms of marketing you plan to use—and finding a team member who will be the point person for executing each method. Marketing methods might include:

- **Email marketing to your existing audience**
- **Content marketing (your own blog posts, guest posting, white papers, etc.)**
- **Social media marketing**
- **SMS or text marketing**
- **Live events**
- **'Street teams' of rabid fans**
- **Public relations/outreach to traditional media**
- **Influencer outreach to online personalities and bloggers**
- **Early [product reviews](#)**
- **Advertising (online, in print)**

Some forms of effective crowdfunding marketing, such as getting early product reviews, will need to happen well before your campaign launches. Other marketing tasks will happen during the campaign.

## Assemble Your Crowdfunding Marketing Assets

Next, gather the marketing assets you have at your disposal. What will get backers excited? Think of these as the weapons your army will use in your marketing battle.

Some of the marketing assets often used by successful crowdfunding campaigns include:

- **Company website, opt-in pages**
- **Awards or other industry recognition**
- **Early reviews**
- **Previous press mentions**
- **Press releases**
- **Demo videos**
- **Partnerships with [influencers](#)**
- **Team bios**
- **Case studies of happy customers**
- **Speeches or interviews**

Listing your startup's existing marketing assets will give you a chance to see what might be *missing* from your arsenal that you'd like to create before you launch.

This will also give you a chance to assess whether your launch date is realistic, or whether you might need more time to create key marketing assets and shape your crowdfunding campaign strategy.

## Mix and Match

Now, start matching the assets you have to the forms of marketing you plan to do. Will you email your list with a link to your new product demo? Send out a press release about the award you won? Do a Facebook ad that promotes your free case study, which ends with a link to the campaign page?

**The possibilities are endless—but you'll only have so much time. For best results, prioritize your strongest marketing assets, and pair them with the types of marketing you've had the most success with in the past.**

## Make a Marketing Map

Create a schedule of due dates, activities, and assigned team members, to make sure everything gets done. Then, you can put all the tasks in order and prioritize pre-launch items to happen sooner. Here's a little example:

DATE	ACTIVITY	PERSON	COMPLETED
6/10/18	Reach out to 20 influencers	Cindy	X
8/9/18	Email out case study	Joe	

Consider using a task-tracking program such as Asana to make sure everyone understands what their responsibilities are and when things need to get done.

**Consider your overall marketing approach.** As you saw in the **Crowdfunding Examples** chapter, some startups—such as **Sweat Cosmetics**—saw success pitching to investors directly with **Facebook ads**. Working their ‘invest in a woman-owned business’ angle paid off.

Others, such as **Hardbacon**, saw more success just sending people to view funny videos or campaign updates, rather than overtly asking them to invest. Figure out how hard-sell you can be with your audience, or whether a lighter touch might do better.

## What's Your Angle?

Every marketing campaign needs a slogan—a one-line, short summary that explains what you've got. For instance, here are a few actual marketing taglines from recent successful crowdfunding campaigns:

- The first wholly new combustion engine in 85 years ([LiquidPiston](#))
- Creating one-of-a-kind plush replicas of people's pets ([Cuddle Clones](#))
- Next-generation, 3D-printed artificial limbs ([Unlimited Tomorrow](#))
- The world's fastest tripod ([Lumapod](#))
- The first commercial wi-fi in space ([Solstar Space Co.](#))



What are you offering, and what makes it unique? Remember, you'll compete against many other current campaigns. Think about how to stand out.

**The more concisely you can explain what you've got—and the more exciting and groundbreaking you can make it sound—the more easily you'll attract backers.**

## Expect the Unexpected

Your marketing campaign should also have backup plans that cover what-if scenarios. Consider all the situations you could encounter during your live campaign. How will your marketing plan need to change if:

- Your campaign struggles to get early backers?
- You quickly meet your target and can unlock extra rewards?
- You decide to cap your campaign, to avoid giving away too much at-cost product?
- You decide to move to another platform, such as Indiegogo, to continue fundraising?

**Remember to map out marketing activities for every day the campaign is live. Our crowdfunding examples showed that a blitz of fresh news and updates is key to keeping your campaign moving forward.**

The final segment of your marketing plan should cover post-campaign communication with backers, your audience, and the general public. Keep riding the buzz, and make sure you give investors a positive experience.

## D. Create Your Crowdfunding Campaign Page

With your marketing plan firming up, it's time to begin building your campaign page. This is where you'll implement the crowdfunding campaign [strategy](#) you've developed to appeal to your target audience.

### THE GOOD NEWS

You don't need to put everything you have on you campaign page all at once! In fact, it's better to add new elements throughout the live campaign. That gives you great, non-salesy announcements you can make to drive more eyeballs to your page.

Let's talk about all the elements of a great campaign page:

### Messaging

In the marketing section above, we talked about the need to quickly explain why your project or company is noteworthy and deserves financial support—in other words, your [elevator pitch](#).

**Don't have an offer that's super-amazing?  
That means your copy needs to be even better.**

For instance, say you're just selling a set of throw pillows. The only angle is, the pillows look like classic computers and early smartphones.

Here's a look at the copy startup Throwboy used in their recent Kickstarter campaign to sell over \$78,000 worth of their Iconic Pillow Collection. (If you're wondering how to build a Kickstarter campaign and how to make a Kickstarter campaign successful, this one makes a textbook case.)

### What is the Iconic Pillow Collection?

5 throw pillows inspired by 5 iconic, game-changing products of the technology world. Each pillow takes you through a different era in the computer revolution and celebrates the memories we made during these times. Made of super soft, high quality plush material, these 3D pillows feature fine embroidery, smooth contours and artisan style craftsmanship. This 5 pillow set celebrates the iconic hardware, mold-breaking design and historical significance of 5 beloved products. Help us bring this collection to life and own a piece of tech history in the form of these premium quality, designer plush throw pillows that are waiting to brighten up your home.

**You've gotta love how they take "buy a cute pillow" and turn it into "own a piece of tech history." Sell it, baby!**

## Rewards

This is one of the key steps that makes rewards-based campaigns succeed or fail. What can you entice your backers with?

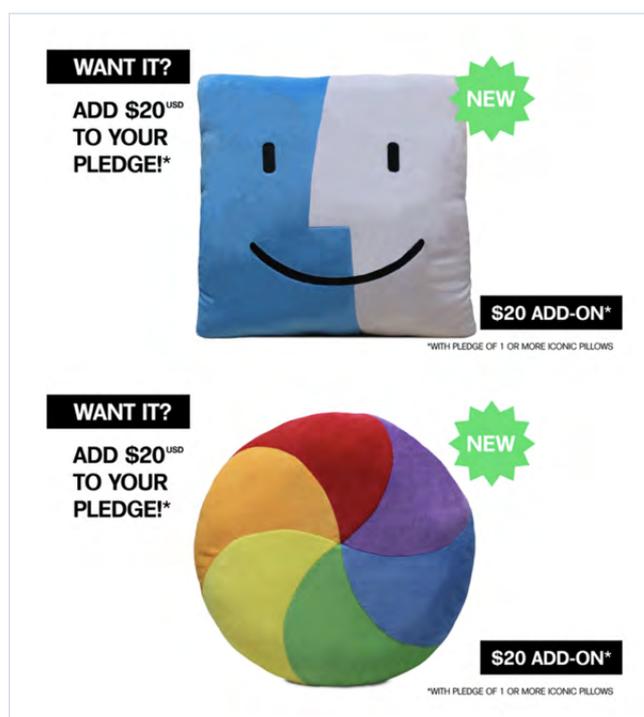
Brainstorm a list of everything that might delight your particular audience. We've heard in previous chapters about offering movie-credit space, behind-the-scenes crowdfunding videos, newsletters, factory and farm tours, and more.

**It's key to offer rewards from lower price points to high. At least six or eight reward levels seems pretty standard, and many startups are doing more.**

Don't forget socially shareable rewards that offer bragging rights, such as a thank-you note from (or selfie with) the founder.

As Nomad Energy's Max Steiler related in our Crowdfunding Examples chapter, you may just have someone who wants to buy an \$1,800 deluxe rewards package from you. And top-level rewards help the fundraising numbers add up fast.

Don't forget to have some 'stretch goal' rewards in reserve, in case you earn big. Iconic Pillow unlocked these two adorable, low-priced bonus pillows late in their campaign:



## Crowdfunding Video

**Increasingly critical to successful campaigns, crowdfunding videos at this point are usually the most important thing to spend on for a crowdfunding campaign. Even tiny, one-person startups are routinely putting together terrific videos—and they're your competition.**

What makes a good crowdfunding video?

For instance, look at how enchanting this crowdfunding video is for craft-maker Natasha Dzurny's the Ultimate Unicorn Tech-Craft [Kit](#), which easily topped its \$10,000 goal:



## GIFs and Photos

**If you don't have a big budget for a video with the production value of a feature-film trailer, fear not. Still photos and quick GIFs can also help make your page 'sticky' and keep visitors engaged.**

For instance, look at how [this short GIF](#) makes one of the Iconic Pillow Collection items seem more interesting.

## Team Bios

Who's behind this thing, anyway? Don't leave it a mystery.

**People love to hear the personal stories and passion of each team member for what they're doing at your startup. Be human and let backers relate to your story.**

For instance, look at this great, concise bio on the co-founders who raised \$9.4 million on Indiegogo for their folding electric [bike](#), the MATE-X:

## Meet the makers



**Christian & Julie**

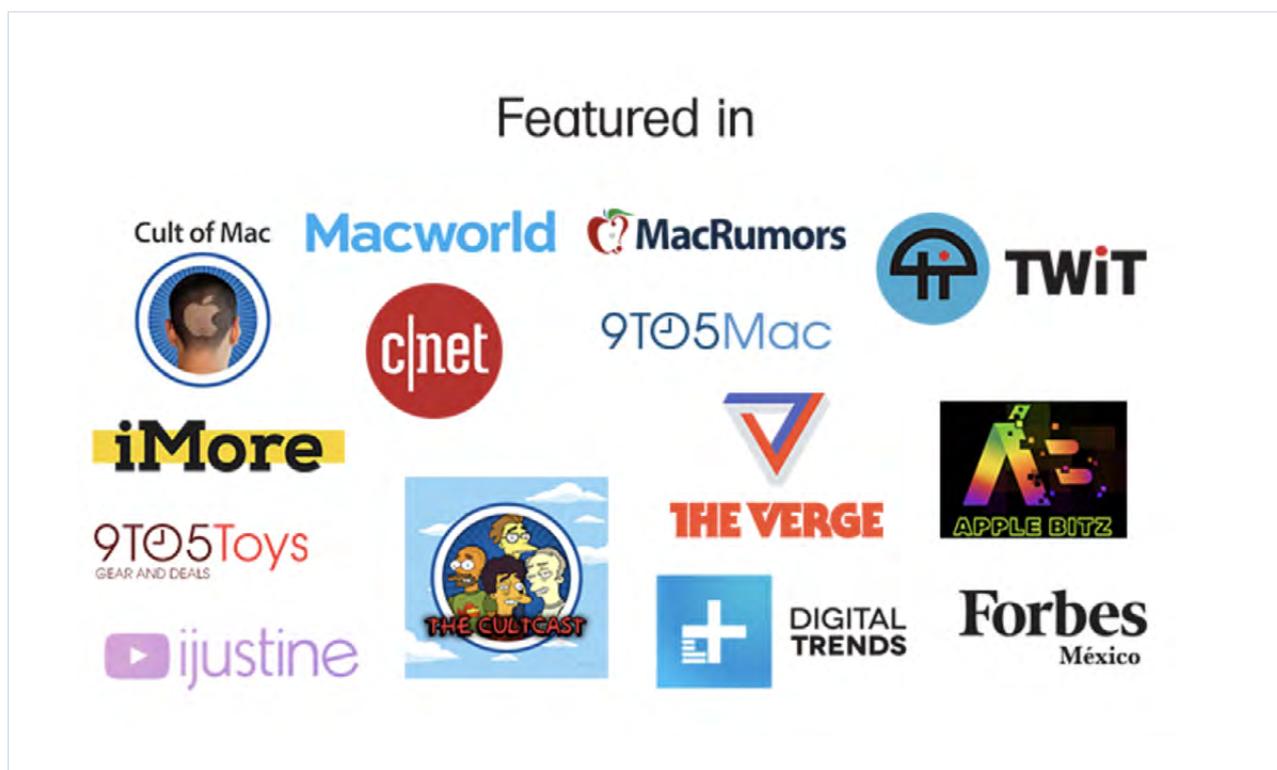
Copenhagen siblings Christian Adel Michael and Julie Kronstrøm came up with MATE out of a shared passion for the bike. Their goal was **to create an affordable, foldable, e-bike** that is not only fun to ride but is cool enough **to inspire everyone to hop onto one**. With Christian's natural-born entrepreneurial skills, combined with Julie's business development and project management talents, their segue into **realizing their dream has been an enormous success**.

## Social Proof

Use any proof you can that you're getting acclaim and have media mentions, or that influential people think you're cool.

**Whether it's a screenshot of a tweet from a big influencer, or creating a logo 'proof bar' of media where you're mentioned, social proof converts visitors into investors.**

Here's Iconic Pillow's eye-catching proof bar:



## Testimonials

Got an influential person (or five) who thinks your thing is great—or maybe even has already invested in your product? Get a headshot of them and put their quote right into your page, as LiquidPiston did here:

### Why I Like LiquidPiston

“  
*I like to invest in companies that have two key ingredients -- important new technology AND great people. I feel LiquidPiston has both. Their engine is a fundamentally new and important breakthrough, with broad commercial and military applications. And the entrepreneurial management team is truly impressive -- brilliant, high-energy, pragmatic, and totally committed. I'm thrilled to be able to play even a small part in making this company successful.*



**Bob Stearns**  
LIQUID PISTON INVESTOR. MANAGING DIRECTOR OF STERNHILL ASSOCIATES AND FORMER CTO OF COMPAQ - INVESTED IN LIQUIDPISTON

## Technical Specs

What's your thing made out of? Is it bigger than a breadbox? Does it have a USB port? Provide all the technical details. Remember that techno-dorks love to back successful crowdfunding campaigns, and give them the granular details they want.

For instance, MATE-X includes over a dozen different technical thumbnails on its page, like this one:

**Plug and play wiring system**

- A unique MATE innovation
- Allows for simple, easy servicing of your bike anywhere in the world
- Makes maintaining/replacing/repairing all electrical parts a breeze
- Easily connect lights and other accessories (to come in our webshop)
- Developed thanks to funding from our first MATE campaign

## Manufacturing/Delivery Info

The more details you can provide describing how and where your product will be made, and when it will be shipped and delivered, the more it reassures investors they won't get snookered.

## Pre-Launch Page Draft

Remember, with many platforms, you can create a pre-launch version of your campaign page and send it around to your audience for feedback. If you've got that option, be sure to do it—you'll get great ideas for improving your page.

## E. Running Your Successful, Live Campaign

It's finally here—you've launched!

Once your campaign is rolling, you should be executing your marketing plan like mad. Try to have something fresh going out each day. Hopefully, it'll be updates on how much you've raised.

**The watchword here is 'responsive.' Answer questions and comments on your campaign page, in social media, on email—wherever they're coming from.**

Here's game-maker Jamey Stegmaier providing some great [customer service](#), answering one of the over 22,000 comments his Scythe game got during its \$1.8 million Kickstarter campaign:



Jamey Stegmaier Creator Superbacker  
28 days ago

We do have a few more accessories in the works and 1 final promo pack, and that should be it! :)



"The Mad Rabbi", King of the Undead  
28 days ago

@Jamey Stegmaier,

No, thank you.

Anything else on Scythe's future? i know you've got other games, but i hope you don't rest on Scythe's laurels..

But if you do, the replayability that Scythe has is cool with me

If you can get a media mention to drop *during* your campaign, that's basically the PR jackpot. To snag it, offer an exclusive story to your top-choice media outlet, advises author Michael J. Epstein. (See the Crowdfunding Examples chapter for stories on multiple startups that made it happen.)

Try to set it up ahead of time so the reporter can seem smart by putting out a story as soon as you meet your goal. Promise to feature it on your campaign page and promote it to your audience.

Be sure to add new elements to your page as your campaign progresses, to keep the excitement building. For instance, take a look at how long and detailed spinning gyro-top LIMBO's page was by the end of their wildly successful Kickstarter campaign.

Also, notice how it hits all the key points of a great campaign page—including team bios, mechanical details, awards, varying reward levels, product features, press mentions, multiple short videos, shipping timeline, and more.

The image shows a screenshot of the LIMBO Kickstarter campaign page. At the top, the KICKSTARTER logo is visible. The main heading reads "LIMBO | The Magical Top That Spins For Hours!". Below the heading, there is a large image of the LIMBO spinning top. The image is split into two parts: the left part shows the top in a close-up, and the right part shows a sequence of the top spinning. A "RECORD HOLDER" badge is overlaid on the image, and text below it says "Spins for 4+ hours (!)". To the right of the image, there is a description: "LIMBO is a smart, self-balancing electric gyro, disguised as a beautiful CNC machined spinning top that spins for +4 hours." Below the description is a "GET YOUR LIMBO" button. At the bottom right, it says "Created by Fearless Toys Ltd" and "8,722 backers pledged \$687,827 to help bring this project to life."

## How to Get Your Crowdfunding Campaign Noticed

Remember, the early excitement in a crowdfunding campaign comes from the audience you bring, not random people who find your campaign because they're browsing Kickstarter or another website.

Line up all the success elements you can, such as:

- Building a big audience to promote to
- Big funding on day one from your pre-committed customers/fan base
- Getting influencer mentions or reviews
- Early investment from prominent people
- Social media sharing
- Press write-ups

**The more of these elements you can pull together, the more likely your campaign will build buzz and go viral.**

If you've wondered what makes a good crowdfunding campaign, it's the combination of as many of these elements as possible. And the more unique your offer is, the easier it'll be to get those ducks lined up and make this happen.

## F. After Your Crowdfunding Campaign Ends—Fulfillment and More

Congratulations—you've raised money online! It's time to contact your platform and arrange for the release of your money.

In other words, it's time to deliver on your promises to backers.

Hopefully, you planned and priced your product well, and have manufacturing and [shipping](#) methods all lined up, if that's relevant.

**Keep communicating with backers! Share a short video from the factory, or otherwise keep them updated on your progress in delivering their rewards.**

Send screenshots out on social media. Answer questions. Above all, don't disappear.

## A Note on Crowdfunding and Taxes

You may be wondering whether raising money online means you're going to owe a big tax bill. Good news: generally, the answer is no (though your situation may vary, depending on where you live).

Here's a broad overview of the tax implications:

In rewards-based crowdfunding, your income may be taxable, as Kickstarter [notes](#)—but you can deduct all your costs first. Since most rewards campaigns sell goods roughly *at cost*, and the campaign costs are also deductible, you shouldn't owe much.

If you do equity crowdfunding for an ownership stake in your startup, that's considered an investment, rather than taxable income. The tax issues fall on the investors, more than on the startup.

In crowdlending, you've borrowed money, rather than received funds that are yours to keep. You may be able to claim your interest payments as a business expense.

**As with any business-tax issue, situations are highly individual. Be sure to consult with your tax pro if you have online fundraising income.**

6

# Next Steps For Money-Hungry Startups

There you have it—your complete, step-by-step planner for creating and executing a successful crowdfunding campaign. You're ready to raise money online!

**I hope these crowdfunding tips have helped you see all the different possibilities for raising money online for your startup.**

In this e-book, you've learned:

- What crowdfunding is and how it works
- How to raise money online—the legal ins and outs of what's possible
- The three main types of online fundraising for business—rewards-based, equity crowdfunding, and P2P lending a/k/a crowdlending
- The top 20 platforms and what makes each unique
- How crowdfunding works for startups (and doesn't)
- Ways to know if your startup is ready to raise money
- How to plan for, market, and execute your successful campaign
- Strategies to build on success after your fundraising campaign is over

There it is—your A-to-Z guide to online fundraising for your startup.

# Leveraging Your Successful Crowdfunding Campaign

Finally, once you've delivered, it's time to decide what's next. How can you parlay your success to take your startup to the next level?

Moves you might try include:

- Return for a bigger round, perhaps switching to equity, as Hardbacon did after its successful rewards round
- Seek individual investors or traditional venture capital
- Research and develop [new products](#) or services
- Beef up the team
- Add inventory
- Plan a round of media interviews
- Surprise and delight backers with unexpected goodies
- Court bigger companies that might acquire your startup

**Consider one successful campaign just the beginning of your company's journey raising money online, gaining more visibility, and [growing more sales](#). Many startups return to crowdfunding multiple times if they find success.**

## Keep Learning

The big thing to remember is that online fundraising is still in its early days. Equity crowdfunding only became legal in the U.S. in 2016, for instance!

The sector keeps growing, and new platforms spring up all the time, with new twists on raising money for startups. This e-book shows you a snapshot in time, and best practices circa 2018.

**New, record-breaking campaigns will emerge in the future, to blow away the old ones. Guaranteed.**

How can you stay on top of the evolution of crowdfunding, to spot your startup's best opportunity for raising money?

If you'd like more tips on crowdfunding in the future, here are some of the [resources](#) I used to collect sector news for this e-book:

- Crowdfund Insider (which also [covers](#) cryptocurrency in-depth)
- Entrepreneur.com, which has a good equity crowdfunding [section](#)
- *The Independent*, which covers how to raise money on the UK [scene](#)
- *Wired's* coverage of sector developments is compiled [here](#)

# Begin Planning Now For Future Crowdfunding Success

If you think your startup isn't ready for crowdfunding yet, that's okay! That means you can begin building your credibility and audience now, for a future campaign.

Spend the next year or two building your audience, getting mentioned in the press, and winning influencers over to your cause. Start thinking about what crowdfunding for business growth could do to transform your startup and skyrocket your revenue.

**When you feel confident you know how to raise money for your startup, you'll have all the elements in place that make it easy to meet your fundraising goal on day one.**

I hope this e-book helps you to raise money online!

The logo for Oberlo, featuring a white square icon with a camera lens symbol on the left and the word "Oberlo" in a white, sans-serif font on the right.

Oberlo

