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An Investigation Into the Crowdfunding Process for Bringing a Product to Market

A thesis submitted in partial fulfillment of the requirements for the degree of
Minor in Entrepreneurship and the Honors Program

by

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Abstract

Crowdfunding is a way for entrepreneurs to source capital. It has become a major factor in the funding and marketing landscape and a tool for prospective product based startups. When used effectively, crowdfunding can have profound effects on the launch of a company.

This paper investigates the process of crowdfunding a product from start to finish, and seeks to establish best methods to use for each step through research and execution. It takes an in-depth look at all the components needed to run a successful campaign. It also applies the general principles investigated to a specific product, the BankNote wallet, in order to provide an example of the established best practices with a real product. The process of crowdfunding a product is broken down into five sections:

1. Building the Product
2. Planning the Campaign
3. Gathering a Crowd
4. Creating the Campaign
5. Running the Campaign

For each of these sections I discovered many useful practices that increase the odds of a successful campaign. I was also able to establish a timetable for each task needed to complete the process. This paper outlines and demonstrates the components of an effective crowdfunding campaign. It is intended to be used as a tool in the hands of an entrepreneur.
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Key Terms

It is necessary to understand certain key terms used in crowdfunding. Here are some simple definitions:

Campaign: Sometimes referred to as the project, the campaign is the dynamic platform a crowdfunding builds to generate funding. The campaign begins when the company begins taking pre-orders and ends when the company is ready to make use of the campaign funds. Everything included in the process of crowdfunding a product contributes to the campaign in some way.

Project Creator: The project creator, sometimes referred to as management or the entrepreneur, is the face of the campaign. They are responsible for interacting with the crowd. Project creators should be strategic, charismatic, and trustworthy.

Donors: The donors, sometimes referred to as customers, consumers, backers etc… are the people in the crowd who give to a crowdfunding project in return for certain prizes. Donors make the project goal a reality through their contributions.

Prizes: Prizes, rewards, or gifts are what a donor will receive in return for their purchase. The “prize structure” is the distribution of prizes at different price points, and is a key part to any campaign.

Goal: The goal of the campaign is the purpose for putting the campaign together. Goals are usually objectives like manufacturing a product, recording an album, or building a piece of community art. The “funding goal” is the amount of money needed to achieve the campaign objectives.
1) **Introduction**

1.1) **Overview**

This paper analyzed numerous crowdfunding campaigns, crowdfunding websites, and articles in order to discover the mechanisms and practices that drive a successfully funded crowdfunding campaign. Some of the information is also taken from interviews with experts. The information gathered is presented in the form of a sequence of steps that contribute to a campaigns success, establishing general best practices for each aspect of the campaign’s strategy.

This paper also applies the best practices researched to a planned campaign for the BankNote Wallet project. A BankNote wallet is essentially a wallet with a notebook in it, so the owner can keep track of their thoughts. Each section of the process to put together a strong campaign is presented first as a general best method and second with an example of how we plan to apply that methodology to the BankNote campaign. The planning and execution of the campaign is referred to as the process, this paper has researched how to optimize the process to give a product the greatest chance of success.

1.2) **The Process, Summarized**

The series of steps that make a crowdfunding campaign successful begin months before the actual launch of the campaign. Last minute campaigns rarely succeed. This paper outlines the process and methods that a project creator must go through to effectively bring a product to market via crowdfunding. The major steps involved in the process are building the product (green), planning the campaign (blue), gathering a crowd (yellow), creating the campaign (orange), and running the campaign (red). Each of these major steps run in sync with each other. They are not executed in order, instead each category of tasks is interconnected with the others.
and so they must progress together. Figure 1 provides an example of how intertwined the steps of the process are, and gives a timeframe for the process as a whole.

Figure 1: A chart outlining the crowdfunding process with a suggested timeline. The timing is indicated backwards from a 0 month launch point. Certain portions are iterative, such as the prototyping and research process. Others are ongoing for the duration of the campaign, such as email marketing and social media, but this chart can be thought of as a rough guideline for how to structure activities.

2) **Background**

2.1) **What is Crowdfunding?**

Crowdfunding a transaction where a large group of people pool their money together to support a project proposed by an individual or organization (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). Donors can receive equity in a company, preorders, personalized or special one time products, activities with the founders, special treatment, or recognition for helping produce a work. Campaigns have even offered that a CEO get a tattoo for the right donation
Crowdfunding has existed since the 17th century in the form of praenumeration. Authors collected funds from large groups of individuals to fund publishing for their books. Like modern crowdfunding, special editions or mention in the title pages of books were offered to entice the consumer ("Pubslush," 2013). Modern crowdfunding can be viewed as a newer subdivision of crowdsourcing. Crowdsourcing is a process where services, ideas, content, and design are solicited from a large group of people, usually via the Internet (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). Software, physical products, and even military vehicles have been created through crowdsourcing (Boyle, 2011). The development of crowdsourcing on the Internet provided an easy stepping-stone to go from collaborating for design purposes to collaborating for funding purposes.

Crowdfunding has many advantages both for the consumer and the project creator. It allows business owners to mitigate the risk of launching a new enterprise by testing and garnering the support of the marketplace. It gives the aspiring entrepreneur a new avenue to find startup funding and a tangible and manageable place from which to develop a high growth or lifestyle business. Consumers also benefit from being the first people to receive a new product, personalized or special rewards, and possible financial gain from investment. Consumers also respond to the self-esteem and identification they get from knowing they were directly a part of the creation of something new (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). The entire process is win/win with minimal risk, as consumers get their money back if an initiative does not raise sufficient capital, and entrepreneurs don’t sink all their money into something that won’t work. The one point where the process can break down is when the entrepreneur raises sufficient capital but can’t deliver the goods, so character plays a big role in crowdfunding.
Those interested in raising money can crowdfund on their own websites or through a variety of third party platforms on the Internet. Some companies, such as BetaBrand and Pistol Lake, fund every product they make through pre-orders on their own website ("Betabrand," 2014) ("Pistol lake," 2014). Alternatively, platforms such as Indiegogo, Kickstarter, and Pledgemusic form a third party bridge between the customer and the project creator. These platforms make it easy to design a campaign without web design experience or the need to host the project’s own site. Third party platforms also provide insights on the campaign and can even boost success by choosing to showcase the idea. The funding models and prize structures vary from site to site, but it has gotten to the point that anyone with a project in mind can potentially bring a product to market with relatively little technical expertise.

Crowdfunding also provides a new marketing avenue from which to gain exposure. Crowdfunded projects have included products, works of art, music, non-profits, movies, and even architecture ("The year in," 2014). The process for running a successful crowdfunding campaign and leveraging the financial resources of crowdfunding has not fully been investigated. Due to crowdfunding’s rising importance as a tool for business this paper examines crowdfunding and associated processes.

2.2) Crowdfunding Origins

A series of economic events created a financial need for a new funding mechanism in the startup community. Crowdfunding became the means to solve startup-funding problems outside of the conventional means and barriers.

Funding a startup was relatively easy before the economic recession of 2005. Banks were loaning, venture capitalists and angels were optimistic, and credit was easy to come by.
However, after the recession funds became difficult to find. Banks were not loaning, and investors became much more selective with their investments. Not only were investors not contributing as much capital, they were waiting until later stages in the business’s life cycle to contribute funds (Molla, 2013). Suddenly for the aspiring entrepreneur in the seed stages of a business the funding landscape became dry except for bootstrapping and contributions from friends and family. There was a need for a new way to raise capital.

With the rise of social media, people have connected (at least virtually) like never before. The power of social media to assemble crowds has been shown in an extreme way during the so-called Arab Spring (Ross, 2011). People are able to broadcast their ideas to large groups of people almost effortlessly through social media, and subsequently organize with ease. The marketing industry quickly adopted social media as a means to penetrate new markets and keep existing customers interested. GoPro was one of the earliest and best adopters of this strategy, uploading interesting content and engaging users daily ("Gopro Facebook Page," 2014). Crowdfunding as it exists now is heavily dependent on social media marketing and owes its existence to the popularity of the social media phenomenon. Some campaigns owe their entire success to smart social media use. For example, the coin card is a digital swipe card that holds all of a person’s credit cards. Management employed a referral system where a $5 discount was offered to customers who referred a purchase through Facebook. Almost everyone had a friend who tried to get the referral discount, leading to increased sharing of the campaign ("Facebook.com/onlycoin", 2013).

2.3) Change in Market and Consumer Role

Consumers readily adopted crowdfunding for a variety of reasons. Trends in marketing evolution can explain how the consumer has been growing towards the ideal crowdfunding
donor for some time now.

Customers have been viewed differently in marketing literature over time. In market orientation literature the customer is viewed as a key source of information on a product or service (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). Crowdfunding allows the consumer to directly influence the success of a new product and provide feedback directly to project creators. As a means to test the market, crowdfunding is a powerful tool thanks to the modern consumer’s willingness to contribute feedback. In “lead user theory”, the customer willingly becomes a partner for innovative purposes to create a new or better product (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). Alpha customers are key for building a good campaign, but lead adopters are hard to come by and most funding comes from beta customers. Brand community research also suggests some buyers purchase products for “a common understanding of a shared identity” (Ordanini, Miceli, Pizzetti & Parasuraman, 2011).

Some characteristics are shared by people who participate in crowdfunding campaigns. They are prone to engage in collective value creation on the Internet, new product development, experience sharing, and joint consumption. They are motivated by “fun, learning, identification, and status, especially when the activity is shared in social networks,” which is important to remember when structuring a crowdfunding campaign (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). They are social participants who enjoy engaging in innovative buying behavior. They are people who like to be the first to have or use a product, and identify themselves as trendsetters. Another characteristic of crowdfunding donors is that they identify with the proponents of the campaign or the project (Ordanini, Miceli, Pizzetti & Parasuraman, 2011). They are motivated to help like-minded individuals or projects. For them the connection to the project is more important than any monetary or social gain they get from contributing. In
fact, this theme of patronage is the most important characteristic of the crowdfunding market (Ordanini, Miceli, Pizzetti & Parasuraman, 2011).

2.4) Why A Company Should Use Crowdfunding

There are uses for crowdfunding beyond pure finance. Campaigns can be used strategically to achieve other ends. Some campaigns have no financial motive at all. Potential uses can be identified as funding, marketing, and operations based.

Crowdfunding was introduced as a new source of capital for the business world. What a project creator funds is up to them, although some platforms have restrictions. Businesses have funded runs of production for a new product, website development, expansion into new markets, charitable endeavors, music recording, and in some cases the research and development of a new product. Funding is the most basic and obvious use of a crowdfunding platform and should be at the core of any crowdfunding campaign, but crowdfunding is more than a new way to sell.

Crowdfunding campaigns are also used as a marketing platform. They form a base to gather brand-building activities around such as making videos, hosting events, photo shoots, and brand writing. The momentum built around a crowdfunding campaign is part of the marketing value. Branding is another part of most crowdfunding campaigns, and crowdfunding campaigns give an excellent opportunity to hash out the brand before it is embedded. Crowdfunding campaigns serve as a great place to get initial exposure, free publicity for a new product. Campaigns can be featured by the platform they are on, or in other media sources such as blogs and online magazines. In some cases, campaigns owe their virality to public relations, or “PR”, exposure. A base of loyal alpha customers is a great place to launch into a full-scale business from. Even identifying the target market can be facilitated through a crowdfunding campaign. If
one knows who contributed, one potentially knows the type of people who will buy the product. As a low risk way to test the market crowdfunding is coming into its own.

Finally, crowdfunding can be used for the operations side of a business. In addition to boosting sales, campaigns can be used a test to implement new systems or practices and see how they work. Companies can try out new service techniques, establish manufacturing practices, and work out how to ship in large quantities.

3) The Process

The process of crowdfunding a product is broken down into steps, analyzed, optimized, and applied in each of the following subsections. To see how the process might play out temporally, refer to figure one. The following subsections are organized by the type of activity they fall under, not by time. This makes it easier to communicate how the activities should be related. The process begins with the product intended for sale.

3.1) Building the Product

In Theory

Product development is essential to the crowdfunding process. This is where project creators explore whether or not crowdfunding is a feasible option. More importantly, this is where a project creator can establish whether or not a sustainable business can be built on the foundation of the campaign. A product needs to be provided within a reasonable time frame at an acceptable cost to the consumer. It doesn’t need to be new, but a product has to bring new value to the table. A well-accepted rule of thumb is that a new business must be better, faster, or cheaper than the existing competitors, but a business can also compete on features like the story, brand identity, or even accessibility. Most importantly a product should be something the
company is passionate about. If the team is not passionate about the invention, why should anyone else be?

In Practice

For this paper I will outline the application of these general practices with the BankNote wallet. A BankNote is a wallet with a notebook in it, which gives the user access to pen and paper wherever they go. That basic gimmick is part of the value proposition, but we plan on building additional value in the brand identity, quality, and speed of delivery. These wallets are ideal to leverage for the purposes of this paper because they are easily explained, manufactured, and distributed. We are also extremely passionate about this product, each of us uses ours’ every day. The BankNote team consists of myself, my partner Chris, and our seamstress Connie.

3.1 (a) Prototyping

In Theory

Prototyping is the iterative process of product design, testing, and alteration necessary to finalize the design. A company is limited in their ability to move forward with their campaign until most of the kinks are worked out of the product. Crowdfunding campaigns are built on trust, and the business grown after the campaign will fail unless the alpha customers trust the company ("Get ready to," 2014). This trust begins with the product. Repeat customers are the
foundation of a successful business (Uzunian, 2014). Why would anyone become a repeat customer if the initial product they buy is poor quality? They are taking a risk for the project creator by donating to the crowdfunding campaign. Projects shouldn’t reward their faith with shoddy quality. The best way to ensure quality is to use and test the product as much as possible to establish and correct possible errors in the prototype.

**In Practice**

For the BankNote wallets prototyping took six months to get the product to a point where we were happy with it in our daily lives. We started with a concept. We had already found pocket size notebooks, 2 x 4”, so we set about making a pattern for a wallet that would fit the notebook. We got some leather scraps, sewed some prototypes, tested them, and adjusted the pattern to correct the faults. It is important to keep costs down when taking a concept into action, which is why we didn’t rush to buy a whole hide of leather. The prototyping process is also a learning experience. A company needs to become an expert at what they’re doing before the company is ready to take big steps. In this case we needed to become experts on the leather, thread, and sewing practices. Once we had the basic product where we wanted it, we thought about how to expand our offering.

The first idea was to make a model that came with a pen and a pen loop. This model came with additional design issues: what pens to use, how to secure them in the wallet, how it would affect the fold etc. After using and redesigning each model extensively we were happy with the quality. The two models are named the Durant and the Auster, after Thomas C. Durant and Paul Auster.
The Durant:

Figure 3: The Durant wallet in its natural environment

Figure 4: The Durant lying flat

The Auster
Figure 5: The Auster lying flat in a studio.

Figure 6: The Auster standing on its own.
3.1 (b) Market Test

In Theory

Market testing is a necessary step for any product. It is best way to establish whether the market wants to buy a product, and can save an entrepreneur money in the long run (Hornor, 2012). Large corporations spend large sums of money on market testing before they launch a product, but one can do it for free and still get results. Viewed through the scope of crowdfunding market testing will help a company understand the target market, help build a following, and even establish how to price goods. Initial funders will be friends and family who like the product; they are an easily reachable group for the market test.

Market testing involves taking a small-scale version of the business idea and getting customer feedback on it (Hornor, 2012). An entrepreneur may think that their product is for everyone, but that is simply not the case. It is important to get additional perspectives, as entrepreneurs can easily become blinded to reality by their own passion (Hornor, 2012). There are many ways to go about market testing. Here are some suggested by a small business resource website (Hornor, 2012):

- Cater an event for a local organization to test market your new restaurant menu.
- Give away prototypes of your product in exchange for people answering a questionnaire.
- Use social media to solicit ideas from your friends online.
- Set up a website with the product or service described and have a survey at the end asking for feedback.
- Run a beta test for your services. Offer a discount in exchange for feedback.
- Send postcards to a select area with a link to an online survey about your business idea.
None of these methods will apply to all businesses, but they can be tweaked to fit a company’s needs. They do not cost nearly as much as a failed business venture. In short, it is worth the time to do a small-scale market test.

There are several aspects of a business that management can gain insight into through market testing. The most important insight management can gain is who the target customer is and where they fit into the market. An entrepreneur should find someone likely to be in the target demographic and start interacting with them. Identifying the customer’s place in the market will help establish what opportunities lie within the marketplace, and whether the initial assumptions about the product hold true (Sugars, 2010). Knowing the target customer shows the project creator how to structure the sales process to better fit the market’s buying habits (Sugars, 2010). Entrepreneurs should tailor their product and sales techniques to customer preferences. Market testing can also measure demand for the product (Sugars, 2010). If an entrepreneur can tell what percentage of people in a market segment want the product, management can establish potential quantity needs and price flexibility based on the demand. Products in high demand can charge almost whatever they want, just look at plywood pricing before a hurricane (Daniels, 2003).

One method for measuring demand and establishing price points is known as the Van Westendorp Price Sensitivity Model (Lipovetsky, Magnan & Zanetti-Polzi, 2011). In this technique management provides a sample product and surveys people about the prices they would be willing to pay. A questionnaire asks individuals to identify five price points: where the product is considered too cheap, a bargain, fairly priced, luxury priced, and too expensive. This establishes what the market is willing to pay, and helps establish a range of feasible prices after the results are interpreted. Finally, market testing can help a company start its list of contacts. Project creators should take emails down, maybe even phone numbers. People interested in the
product at this stage are the alpha customers. Project creators shouldn’t let them escape; initial adopters are hard to come by.

Market testing does not require large-scale funds, focus groups, or in depth research. Entrepreneurs can easily go to the market, make an effort to understand the people in it, and figure out the potential motivations the market may have for buying the product.

In Practice

The BankNote market test began when we started using the first prototypes. We went around asking our friends and family members what they thought about the product. This helped us establish that there was interest in the product. About a quarter of the people we approached said they would purchase a product like this, and about 1 in 10 people were highly receptive. To further prove demand for the product we searched online and found several forums of people discussing their desire for a wallet-notebook combination.

We noticed several common traits among those interested in purchasing a wallet.

- They were creative people (Artists, writers, entrepreneurs)
- They were trendy, staying on top of the latest cool products
- Most of them were men
- They saw value in the story behind the product

These traits helped guide the identification of the target market, but we still needed more information.

We decided to set up a table on campus at the University of Nevada Reno and get feedback from college students. We had sample products and a survey of different price points asking what students would pay for the product, as well as the option to sign up for the email list. The price points ranged from under $20 to over $100. We assumed that college students would
be a demographic suited to this product; however the information we collected suggests that college students should not be our target. About 80% of the participants indicated they would not purchase a BankNote wallet for more than $20, which is not a price point within our reach as is shown in the next section. However, enough people were interested in signing up for the email list that we are confident there is sufficient demand for BankNote wallets to form a business around.

3.1 (c) Pricing

In Theory

Pinpointing the ideal price for the product is an inexact yet crucial component of crowdfunding. Entrepreneurs should keep pricing objectives in mind, and with some educated guessing and survey work a functional price can be established. For crowdfunding it is tempting to offer the product for a discount to initial backers, but campaigns should price the product at its intended sale price ("Creating rewards," 2014). This means a company can establish the product price by the same methods as any product sales based company.

The first task to do when determining pricing is consider the deciding factor, cost of production. Both the costs to make the product (COGS) and overhead costs should be taken into account. It is important to establish these accurately. Underestimating actual costs to make a product is a mistake that many entrepreneurs make which results in the failure of their company (Allen). Once a project creator knows the cost of goods they know the minimum price they can operate at with no overhead, as some businesses do. If the company is not one of those businesses, management has to identify overhead costs like rent, salary, insurance, utilities, and advertising (Hauff, 2014). By estimating the quantity the company intends to sell in the campaign, the project creator can amortize each of these costs into the COGS and establish an
effective minimum operating price. A rule of thumb for retail is to double the cost to provide the product.

For a crowdfunding campaign trust is the most motivating factor ("Get ready to," 2014). This means, no matter what, customers have to perceive the price as fair (Allen). The value has to fit the price; people want to get what they pay for. The only way to get this information is to survey people in the market. It is convenient to do this as part of the market test.

Another factor to consider is the company’s ideal position in the market. How does the company intend to compete with what’s already out there? For example, if a competing company can provide a product for cheaper than the proposed project can, the project needs to be able to justify a higher price. If the market is dominated by high priced competition, the new company can compete by offering a lower price. To beat the competition a company must know the competition. When looking at the competition there are several factors a company will want to know relevant to pricing (Info Entrepreneurs):

- The products or services they provide and how they market them to customers
- The prices they charge
- How they distribute and deliver
- The devices they employ to enhance customer loyalty and what back-up service they offer
- Their brand and design values
- Whether they innovate - business methods as well as products
- Their staff numbers and the caliber of staff that they attract

Project creators should think about what the differences between their company and products compared to the competition’s. Project creators need to know the value that can be placed on
these differences, both positive and negative.

Once a project creator has investigated the competition it is time to consider the pricing objectives (Allen). What is more important to the company, profitability or market share? For start-up companies this is a difficult question, but answering this question helps determine whether a high or low price objective is best. In crowdfunding it comes down to whether the company plans on having a large amount of donors contributing a smaller amount or a small core of donors that are willing to pay a higher price. Research has shown that several factors affect the success of high or low price methods (Jobber, Shipley, 2012).

- Ability of customers to pay will discriminate between successful high and low price strategies and a high (low) ability to pay will be associated with a successful high (low) price strategy.
- Brand value will discriminate between successful high and low price strategies and superior (inferior) brand value will be associated with a successful high (low) price strategy.
- Degree of competition will discriminate between successful high and low price strategies and a high (low) degree of competition will be associated with a successful low (high) price strategy.
- Price acting as a barrier to entry will discriminate between successful high versus low price strategies with its use being associated with a successful low price strategy.
- Demand compared to supply will discriminate between successful high and low price strategies with excess demand (supply) being associated with a successful high (low) price strategy.
- A building market share objective will discriminate between successful high and
low price strategies with its use being associated with successful low price strategies.

Using this information in combination with market feedback and the costs or the project, project creators can establish an estimate of what the price for their main product should be.

*In Practice*

For the BankNote wallets we established the price based on the COGS, the differentiators of the product, the competition, and our pricing objectives.

First we established the COGS by reaching out to a manufacturer we selected based on their experience, expertise, and location. We sent them a sample of our wallets, and asked them for a per piece quote for construction, the cost of materials, as well as the one time costs such as dye making and setup fees. They quoted us a price of $10.00 per piece construction and one-time costs of $500. Our COGS includes shipping because we plan on offering free shipping. Our overhead is nothing right now, as we are not spending any money beyond COGS. The cost of the Durant is $20.25 and the Auster is $17.75. This gave us minimum price points of $40.50 and $35.50 respectively.

We then looked at our competition to establish what the market was operating at. We researched Onestar Leather Goods, Buck and Ball Co, TGT wallets, and a failed Kickstarter project. Our closest competitor, Onestar, offers a similar product for between $110 and $130. Buck and Ball has an indirectly related product priced at $88. TGT has a much simpler product priced at $34. The failed Kickstarter was priced at $64, which indicates they were priced too high or improperly marketed. Due to the degree of failure of this campaign we are tempted to believe the product was improperly marketed, which was confirmed by the owner when we reached out to him. All in all this showed us our minimum price mark was easily the lowest price in the
market, and that we could afford to charge more. However, there are some key differences between our product and the competition’s.

- The competition is mostly handmade
- The competition makes a more complicated product
- The competition can’t turn around their product as fast
- The competition can’t scale up as fast as us

Taking these factors into consideration we established that we wanted to employ a low price strategy. Our strategy is to gain market share by offering a cheaper product to the consumer than the competition. If we grow fast enough, our largely handmade competitors will never be able to keep up. Our product has other advantages that contribute value:

- Made in NYC by a well respected and established manufacturer
- High quality Italian leather
- Speed of delivery

Based on these factors we established that we could charge more than our minimum operating point, but we still didn’t want to charge anywhere close to the competition to stay in line with our market share plan. When we put it all together we created this spreadsheet outlining a price of $52 for the Durant and $38 for the Auster.

<table>
<thead>
<tr>
<th></th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Durant</td>
</tr>
<tr>
<td>Leather</td>
<td>$3.40</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$10.00</td>
</tr>
<tr>
<td>Notebook</td>
<td>$3.15</td>
</tr>
<tr>
<td>Pen</td>
<td>$2.50</td>
</tr>
<tr>
<td>Packaging</td>
<td>$0.20</td>
</tr>
</tbody>
</table>
Table 1: Pricing outline for BankNote wallets. Costs are given per piece.

<table>
<thead>
<tr>
<th></th>
<th>$1.00</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total:</strong></td>
<td>$20.25</td>
<td>$17.75</td>
</tr>
<tr>
<td><strong>Sell Price:</strong></td>
<td>$52.00</td>
<td>$38.00</td>
</tr>
<tr>
<td><strong>Profit:</strong></td>
<td>$31.75</td>
<td>$20.25</td>
</tr>
<tr>
<td><strong>Markup:</strong></td>
<td>156.79%</td>
<td>114.08%</td>
</tr>
</tbody>
</table>

At this price we can out price the competition. It is also reasonable for the product we are providing. It is high enough to cover our costs, generate healthy profit, and not signal poor quality. We think this price is optimal for our product, and will help us sell at the quantity we desire.

3.2) Planning the Campaign

3.2 (a) Research Similar Campaigns

*In Theory*

Researching similar crowdfunding projects assists project creators with understanding what will make a campaign successful. Project creators should look at industry specific products; what worked for the competitors will work for another campaign (Brown, 2013). For example,
one crowdfunder decided to launch an outdoor hammock project. He examined 12 outdoor product related campaigns in order to understand what industry projects looked like (Brown, 2013). One useful aspect of Kickstarter campaigns is that project creators provide contact information. Prospective project creators should reach out to previous successful campaigns and ask the management what they did and what worked well for them. It isn’t advisable to tell them the product will compete with theirs. Entrepreneurs should research failed campaigns as well. Learning from a failed campaign’s mistakes will help a new entrepreneur avoid them.

Consider the following when looking at previous projects:

- What was their funding goal
- What did their prize structure look like
- What techniques did they employ to grow their crowd
- How is your market different or the same as theirs
- What branding style and content did they create
- What you can learn from and do better (Info Entrepreneurs)
- What they're doing worse than you (Info Entrepreneurs)
- What they're doing the same as you (Info Entrepreneurs)

Project creators should learn from the competition, but not to mimic them entirely. Differentiation is going to decide a new company’s place in the market. It is key to innovate not imitate, otherwise a new company will never be able to compete and may even get into trouble with copyright law (Info Entrepreneurs).

In Practice

The BankNote project considered four similar campaigns: the TGT wallet campaign, the Ball and Buck wallet campaign, the Simple Wallet campaign, and the Note:Wallet campaign. We
selected these campaigns because they had similar products, and were targeting a market similar to ours. We looked at several factors for each campaign: how much funding they received, their prize structure, techniques used to grow their crowd, their market, content they included in their campaign, and how we were similar/different from them.

The Note:Wallet campaign was important to us because they tried to fund an almost identical product and failed. This was a signal that maybe our idea wouldn’t work, and required more research. We looked at their pricing, product, content of the campaign, prize structure, and how many backers they had when considering reasons they might have failed. Incidentally, the campaign was launched while this paper was being written, making the data time relevant. The pricing of this campaign seemed fair, the product worked, and they had well designed content in their campaign (Bartlett, 2014). We especially liked the fact the creator linked to several articles explaining the benefits of carrying a notebook on you at all times, something we plan on including in our own campaign (Bartlett, 2014). So what caused them to fail? The person who started the project looks like a vampire in the campaign video, but that probably wasn’t the only reason. The direct cause was not enough backers, leading us to believe the campaign was improperly marketed or that their funding goal was set too high, which was confirmed by the project creator when we talked to him. At $28,000 their funding goal was far reaching as most campaigns over $10,000 do not succeed (Robinson, 2014). However, we think there was a more compelling reason they failed.

When we looked at their prize structure, it began at $64 (Bartlett, 2014). This meant that if anyone wanted to contribute to the campaign the minimum donation was well over $50. Many people want to contribute to campaigns, but aren’t looking to spend over $50. Successful campaigns generally need to offer a wide range of price points ("Create the," 2014). Some
donors will only want to give $5 as a show of support; others will be willing to offer upwards of $1000 to support campaigns they are attached to. We think this lack of diversity in the prize structure of the Note:Wallet campaign was the main factor contributing to its downfall.

When we looked at the Buck and Ball and Simple Wallet campaigns we understood that the products were very different from ours, but the market was similar. We looked at their content (photos, videos, copy) and let it influence how we planned on creating ours. For the Buck and Ball campaign their FAQ was especially useful. We plan on modeling many of our FAQ questions on the ones they posted. We also were impressed by these campaigns’ videos and the message they communicated through their written copy and photos. We plan on incorporating some of their design elements and humor into our own campaign, such as the pictures in the Buck and Ball campaign that show certain personality types and what these types would keep in their wallets.

The TGT wallet campaign was our most important research campaign because it was very successful and targeted a market very similar to ours (Sutter, 2012). TGT wallets are manufactured in NYC just like BankNotes. TGT Wallets raised just over $317,000 with over 7,500 backers, a whopping 1587% of its $20,000 goal (Sutter, 2012). Clearly the project creator was doing something right.

The TGT campaign was well put together. The goal was reasonable for the scope of the project, and the prizes ranged from $1 to $1,000 at reasonable intervals. The video is short and to the point, or “tight” as the project creator called it (Sutter, 2012). It is also humorous, with many shots of peoples’ butts. The project creator communicates his message well and is telegenic. The copy of the campaign is cleverly designed as well. He includes a definition of the word “tight”
(TGT = tight), and ties it into his product. He then lists reasons to support his campaign. The pictures are all high quality and he dedicates a whole section to the construction of the wallet complete with pictures of himself sewing (Sutter, 2012). This gives the customer a connection the process, a huge factor in crowdfunding campaigns ("Create the," 2014). His packaging was also compelling, and we plan on innovating our own specific brand of packaging.

We loved this campaign so much we emailed him, claiming we were using the information for this research paper. We learned important aspects of his campaign from his response (Sutter, 2014).

- 60% of his funding came from being on the popular page of Kickstarter.com.
- He made a list of blogs that would feature his campaign and sent them a digital press kit the night before the campaign. He then followed up with an update a week later.
- Blogs drove traffic, traffic led to his page being popular, so frontloading the campaign is a key to success.
- The most influential blogs were Uncrate, Cool Material, Details, and Cool Hunting.
- He included an embed link for the video, as well as a link to the Kickstarter page, a link to a folder of high res images (products/production/process/himself), and a brief biography and story in his digital press kit.
- His video was critical to his success.

This information was crucial in our decisions on how to market and structure our campaign. We plan on employing similar strategies during our campaign.

3.2 (b) Selecting a Platform for the Campaign

In Theory
Determining what platform to use to launch the campaign is a critical decision for any crowdfunding campaign. There are many existing platforms to choose from, or a company can make its own site. Many existing platforms are focused on certain topics while others feature a wide range of projects.

Some companies choose to crowdfund on their own website. Pistol Lake and BetaBrand, two clothing companies, fund every product they make through pre-orders on their own websites ("Pistol lake," 2014) ("Betabrand," 2014). There is a key question project creators have to ask themselves before embarking on this route though. Is the project creator confident enough that they can drive sufficient traffic through the campaign without any outside help? Other platforms offer search engine optimization, or SEO, and have large audiences already. Management must be confident that they do not need that kind of help. If they are, they can save about 5% of the funds they would have lost to the platform.

Selecting a platform depends on goals and preferences. Some platforms do not disperse funds until 100% of the campaign goal has been met, others will disburse funding in increments. Understanding how a platform works will influence the selection. All or Nothing campaigns generate excitement for all involved due to the risk. They help motivate creators to work their hardest to reach their goals (Brown, 2013). All or Something campaigns are more relaxed. Generally the platform collects a larger percentage (Brown, 2013). If a project needs to reach a certain funding level to achieve the objective, All or Nothing campaigns are ideal. Examples of projects like this have goals such as a minimum production quantity or perhaps a critical asset for the business. All or Something campaigns are better for handmade products, charities, or other goals that do not require a minimum funding level.
The two titans of the crowdfunding landscape are Kickstarter and Indiegogo. Kickstarter has the largest amount of users and projects, and boasts a 44% success rate ("Kickstarter stats," 2014). Kickstarter only features projects they deem creative, and has an All or Nothing funding model. Currently over 1 billion dollars have been raised on the platform. Kickstarter has excellent SEO, and can drive huge funds by promoting campaigns themselves if they like the project (Sutter, 2014). Kickstarter should generally be the go to site for funding a project, but they are selective with their projects. Indiegogo on the other hand is entirely non-selective and includes an All or Something funding model. However, they do not boast as large an audience and do not generate as much buzz as Kickstarter (Rose, 2012). There are also many topic specific platforms; options for those who don’t want to use Kickstarter or Indiegogo. Here are a couple that stick out as useful for entrepreneurs (Huhman, 2012):

- **Rockthepost.com**
  - Crowdfunding for business, not only projects.
  - Open to equity funding.
  - Feedback oriented through open forums

- **Fundageek.com**
  - Based on scientific projects and technology
  - Can make private projects

- **Rockethub.com**
  - Partnered with A&E to promote projects
  - Information on how to succeed is available and industry specific
  - Lower fees

When surveying what platform to use Forbes suggests entrepreneurs ask themselves several
questions (Prive, 2012):

- Are you trying to raise funds for a specific purpose?
- Do you have a clear idea of what you will do with those funds, once received?
- What genre does your project fall under?
- Why should someone unfamiliar with your brand support your campaign?
- Are you willing to put yourself out there and fundraise your heart out?

These questions can guide the decision, but there is no equation for what platform to use. Project creators should consider the options, the goals, the company’s ability to drive traffic, and the benefits of each site that could feature the product. Paying attention to what brand of crowdfunding platform will resonate most with the market will improve a campaigns chances; name recognition gives trust to the customer, and trust is the key to crowdfunding.

*In Practice*

To decide what platform to use for BankNotes was a simple process. The BankNote team knew that we didn’t want to use our own site because we could benefit from the help driving traffic and name recognition of a specific platform. We also knew that we wanted to pursue an All or Nothing campaign since our project revolves on manufacturing minimums and specific goals. Finally we knew that we were not interested in equity funding, our project is designed simply to drive manufacturing and market the brand. Our answers to the Forbes questions:

- Are you trying to raise funds for a specific purpose?
a. Yes, manufacturing minimums required to create our product.

- Do you have a clear idea of what you will do with those funds, once received?
  a. Yes, we have plans for spending the capital specific to the funding amount.

- What genre does your project fall under?
  a. Our project is a new product to launch a small business, and can be viewed as creative accessories project.

- Why should someone unfamiliar with your brand support your campaign?
  a. Because they like the product and relate to the lifestyle the brand communicates.

- Are you willing to put yourself out there and fundraise your heart out?
  a. Absolutely.

Based on our product, strategy, and brand identity our decision came down to two platforms: Kickstarter and Rockethub. Rockethub had many advantages, the potential for television media coverage, the success school, and the lower fees. However, Kickstarter is a site that resonates within our market. Many of our key targets have contributed to Kickstarter campaigns before, and the brand recognition and trust can only help our campaign. Additionally we have experience using the platform successfully, we raised over $2400 in 2012 for our first
business idea. Also, the success of the TGT wallet campaign and our access to the marketing strategy of that campaign gave us confidence that we could successfully run a Kickstarter project. The success rate of Kickstarters was the final reason we decided to use the platform.

3.2 (c) Establish Goal and Duration

In Theory

Picking the funding goal revolves around two major points. What is the cost to accomplish the project goals, and how large is the company network (“Setting your”, 2014)? By working between these parameters and keeping in mind other minor factors an entrepreneur can choose the right funding goal. The first item to look at when selecting the funding goal is the minimum expense for the project. Here are some questions to ask in order to start establishing costs for product campaigns (Jennings, 2012):

- How many of my product do I need to make?
- How much will volume discount affect my goal?
- Am I covering all my costs outside of building the product itself?
- If I want to continue selling these after the campaign, how many additional units should be built?
- Should we assemble in-house or outsource?

It is advisable to write all expenses down in a spreadsheet, project creators will need to create a realistic budget for the campaign (Almerico, 2014). Management needs to take one-time costs and hidden fees such as shipping seriously; being unable to fulfill orders because the project was under budget can affect one’s professional reputation (Almerico, 2014). The platform’s fees can be close to 10% of revenue and should not be overlooked. Management should document any
Besides making the product, what other goals does the company hope to fund with this campaign? Examples include aggressive marketing campaigns, store openings, and expansion of manufacturing capabilities. While all these sound tempting, it is important to set a realistic goal. 74% of successful campaigns raise less than $10,000 (Almerico, 2014).

Once management knows the funding needed for the project, they have to look at what they could get with the existing network and planned market strategies. There are many funding projection spreadsheets on the Internet to help estimate how many donors a campaign will need. One particularly useful one can be found at (Jennings, 2012) because it displays results for different donor outcomes, but one can easily do their own projections if they have the math skills.

Rockethub.com has a nice interface for measuring the strength of a network and weighing it against campaign goals ("Get ready to," 2014).

Complementary to this illustration of a company network, there is a chart that displays

Figure 7: A representation of crowdfunding networks. This figure describes the nature of your contacts.
different funding goals and what goes into raising those goals ("Set A Funding", 2014).

Table 2: RocketHub’s goal v. network size breakdown. The top row indicates funding goals.

<table>
<thead>
<tr>
<th></th>
<th>Basic $1,000-10,000</th>
<th>Intermediate $10,000-100,000</th>
<th>Advanced $100,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contributors</strong></td>
<td>40 to 200</td>
<td>150 or more</td>
<td>1000+</td>
</tr>
<tr>
<td><strong>Campaign (days)</strong></td>
<td>30 to 45</td>
<td>30 to 60</td>
<td>30 to 75</td>
</tr>
<tr>
<td><strong>Time required (per day)</strong></td>
<td>15 min to 2 hours</td>
<td>1 to 2 hours per day</td>
<td>2 to 4 hours per day</td>
</tr>
<tr>
<td><strong>Campaign activity</strong></td>
<td>-Methodical, yet flexible and dynamic campaign plan, involving consistent emails and social media conversations.</td>
<td>-Same as Basic, plus. -Blog influence.</td>
<td>-Same as Intermediate, plus. -Press support and broader reach.</td>
</tr>
<tr>
<td><strong>Relationship with network</strong></td>
<td>-Established trust between the Project Leader(s) and their Tier 1 and part of their Tier 2 network.</td>
<td>-Established trust between the Project Leader(s) and their Tier 1 and Tier 2 networks, and part of their Tier 3.</td>
<td>-Established trust between the Project Leader(s) and their 1st, 2nd and 3rd Tier and beyond (see Go RocketHub Viral) -Many times Project Leaders are stars in their niche/community, and have an engaged and energized fan base.</td>
</tr>
</tbody>
</table>

The last item to consider when setting goals is the length of the campaign. Campaigns generally range from one week to three months. Some experts claim short campaigns are better, they create a sense of urgency and exude confidence ("Setting your", 2014). Others claim that long campaigns are better because they are extended free marketing and a campaign has more time for media to take effect ("Target & duration," 2014). It is generally accepted that campaigns
should be between 20 and 75 days, anything over 75 loses its sense of urgency and anything under 20 becomes impossible to successfully plan and enact for the average entrepreneur ("Set A Funding", 2014).

In Practice

To establish the BankNote campaign budget we began by deciding what our goals for the campaign were. We came up with the following goals:

- To prefund manufacturing and one-time costs of the product
- To penetrate the market
- To build an inventory of 50 of each wallet type so that manufacturing can be perpetuated

In order to accomplish these goals we have to manufacture at least 300 wallets, 500 notebooks as per Moleskine’s minimum, and 300 pens.

Table 3: The BankNote goal setting projections.

<table>
<thead>
<tr>
<th>Costs</th>
<th>Hypothetically Fundraised</th>
</tr>
</thead>
<tbody>
<tr>
<td>120 sq. ft. Leather</td>
<td>$1100</td>
</tr>
<tr>
<td>Manufacture 300 Wallets</td>
<td>$3,100.00</td>
</tr>
<tr>
<td>500 Notebooks</td>
<td>$1,700.00</td>
</tr>
<tr>
<td>300 Pens</td>
<td>$800.00</td>
</tr>
<tr>
<td>Machine Leather Dyes</td>
<td>$500.00</td>
</tr>
<tr>
<td>Video + Photography</td>
<td>$700.00</td>
</tr>
<tr>
<td>Shipping + Packaging</td>
<td>$700.00</td>
</tr>
</tbody>
</table>
From these assumptions we put together the costs of the campaign. 300 wallets requires approximately 113 square feet of leather, but with leather goods it is important to realize there will be waste. For this product the waste will be between 5% and 10%, so we will require 120 sq. ft. of leather at $8.50 per sq. ft. coming to a total of $1020, plus $80 shipping allowance. Manufacturing costs include dyes and cut and sew, totaling at $3500 plus $100 shipping allowance. Shipping and packaging costs come to $700 after accounting for envelopes, shipping, and promotional content. Other costs can be seen in table 3. Our goals will cost $8600 to accomplish.

By selling the items we have manufactured we can generate at least $10,200. We decided $10,000 was a reasonable goal, and minus the odd ten percent that Kickstarter takes we will still be able to accomplish our goals.

Our goal also fits within our network’s capabilities. For a $10,000 campaign we need around 300 contributors. Our network consists of around half that number, but with blog and PR

| Plus 10% Kickstarter fees | $1,000.00 | Leeway: | $400.00 |
marketing we can bring that number closer to the mark during the campaign. We are planning on running the campaign for 60 days, which will give us enough time to gather the support for this budget.

3.2 (d) Pick the Target Market

In Theory

Based on market testing and research entrepreneurs need to identify the target market. Many business owners believe their product is for everyone, but the truth is no product is for everyone (Porta, 2010). It is imperative to specifically identify who the target customer is. This will help management understand how best to communicate with potential customers and guide the theme and tone of the entire campaign. Knowing what customers will respond to and targeting the market in the right way will make the campaign more efficient and effective.

Entrepreneurs can segment the market through primary and secondary research.

From the market test one can start establishing similar traits between the people interested in the product. According to boundless.com entrepreneurs should consider the following when segmenting their target market (Boundless):

- Geographic segmentations (address, their location climate region)
- Demographic or socioeconomic segmentation (gender, age, income, occupation, education, household size, and stage in the family life cycle)
- Psychographic segmentation (similar attitudes, values, and lifestyles)
- Behavioral segmentation (occasions, degree of loyalty)
- Product-related segmentation (relationship to a product)

Finding what parameters customers have in common during the market test is a good start, but it is also important to know why they benefit from the product (Porta, 2010). Reaching people who
have a need of the product will help management understand the customer--and even the product--better.

The competition is another great place to find out who the target market is. Obviously a company wants to be different from the competition, but management can learn from the competition’s branding practices and find a niche market they aren’t targeting (Porta, 2010). Looking into brands that fit into the target customers’ lifestyle but don’t provide the same product or service as the project can help an entrepreneur understand the target. If the product appeals to skaters but isn’t a skateboard, the marketing for the project will need to be similar to the marketing of the skateboard companies. Management can also do market research on sites such as PEW Internet, The Marketing Research Association, and Scarborough although not all the data is free.

Once a project creator has done enough research, they need to make a customer profile (Glowski, 2013). This is a detailed profile of who the customer is, and includes information on demographics and psychographics. According to technori.com, “Demographic information will help you identify the type of person who will potentially buy your products and services. Psychographic information goes one step further and nails down why that potential customer may buy.” Once management knows who the customer is project creators need to find out where that customer is vulnerable to media. This means websites the customers frequent, social networks they most frequently check, and other avenues can be used to reach them effectively (Glowski, 2013).

When project creators understand who their target market is, there are some important questions to establish if there is room in the market for the product (Porta, 2010).

- Are there enough people that fit my criteria?
• Will my target really benefit from my product/service? Will they see a need for it?
• Do I understand what drives my target to make decisions?
• Can they afford my product/service?
• Can I reach them with my message?

These questions are important because if the answer to any of them is no, there isn’t a viable business. If management does have a viable business the market research should have shown how to connect with the audience effectively, which is the subject of the next chapter.

In Practice

To establish the BankNote target market we first looked at ourselves. We invented the product after all, so we must be in the market for it. The BankNote team has a couple traits in common:

• We are creative types, interested in art, writing, and entrepreneurship
• We are somewhat anti-tech, preferring vinyl to mp3’s and typewriters to laptops etc…
• We are in college, and in our early twenties
• We have lots of ideas, and forget them if we don’t write them down
• We value high quality products and are willing to pay for them, as we have income security

Some of these traits were proven to be irrelevant by our market test, such as being in college. Many of them were also validated by the market test, and will be included in our customer profile.

By further researching the competition we found other information about our target
market. We found that our competition targets people in trendy and upcoming cities, such as Brooklyn, Seattle, or San Francisco. We also learned that our target is well read, frequenting newspapers, blogs, and social media for information. From this information we came up with the following customer profile:

*The target BankNote user is a young man between the ages of 20 and 30 with a secure income living in an urban environment. He is creative and idea oriented; an artist, musician, writer, or entrepreneur. He has a soft spot for the past, probably preferring pen and paper to a keyboard or touch screen. He values domestic manufacturing and high quality products. He stays on top of trends, getting a sense of prestige from having a cool knick-knack or new toy. In order keep up with trends he reads blogs and newspapers.*

Every marketing exercise done for BankNote will be designed to appeal to this profile. While we do not expect every customer to be this exact person, we think by targeting this profile we will optimize our brand appeal to a wider audience.

3.3) Gathering a Crowd

Marketing a campaign is central to its success. According to the movie *Branded* there are only two rules of marketing: positioning and advertising. Positioning is finding the space in the market in regards to competitors, the target, and the product. Advertising is communicating the message to the target market effectively. While movies aren’t usually the source of credible information, this actually holds true. If management is able to nail down these two components with the product they can create a successful business. The question becomes how to effectively position and advertise the product.
There are two elements common to successful advertising campaigns: integrated marketing communication and a personal connection to the target (Ranftl, 2013). This result was derived from research into the Effie Awards, an awards program that celebrates the year’s most effective advertising campaigns.

Integrated marketing communication means the message the campaign conveys is uniform and connected across all platforms. If a TV commercial has a certain theme then the social media posts also incorporate the same theme. Having a clear message across all platforms makes a campaign strong and effective, as ~ 95% of Grand and Gold prize-winning campaigns had this element in common.

The second element, common to 85% of Grand and Gold prizewinners, was a personal connection to the audience. This is especially relevant to crowdfunding campaigns because people who contribute to campaigns generally want to know who project creators are and what the story behind the product is (“Making your video,” 2014). There are many ways to foster a personal connection with the target. Interviewing, highlighting, connecting, seeking out, and relating the customer back to real people involved in the brand makes a direct connection between the brand and the consumer’s perception of the brand as having their interests at heart (Ranftl, 2013). This makes the brand relatable through the real traits of the individuals involved with the brand. Another way to create a personal connection is to identify how the audience sees themselves or wants to be seen (Ranftl, 2013). Using that connection, project creators can generate brand loyalty because the brand is a part of how the consumer constructs their image.

By keeping these elements in mind through all of the marketing and campaign building activities, management can successfully generate a following to back the campaign. Some suggested activities that seem common to successful campaigns are explored in this chapter.
3.3 (a) Key People

In Theory

Every campaign starts with a core group of people dedicated to the project (Menn, 2013). From this trusted group of people management can demonstrate the worth of the project and build a bandwagon ("Promoting your," 2014) ("Run a live," 2014). The best way to show others’ trust is to show that people are already backing the campaign (Stengel, 2012). Frontloading a campaign is the key to getting featured on a popular projects page, so entrepreneurs want these people to contribute and share the campaign early (Menn, 2013). It is important to know who these people are, know how to use them, and to treat them with respect and kindness.

Project managers should start by creating a list of people who have worked on the project: close friends, family, and anyone else who is likely to support the company in the early stages of the campaign. Entrepreneurs should let key people know ahead of time what is expected from them, not everyone will be on board. Management wants key people to contribute to the campaign, share it with friends, and maybe even give testimonials (Whitaker, 2013). Some advice from the Abbi Agency on mobilizing networks (Whitaker, 2013):

- **Make sure you share your page with everyone you can.** Make it easy for your friends/family to share by offering them suggested Tweets, FB posts, blog contact, etc.
- **Although they want to help you share your project sometimes they are really busy, and suggestions will make them more apt to spread your message.** Include links back to your Kickstarter page and relevant search terms.

By properly mobilizing the core group a company can build momentum and trust for the campaign. Key people want the project to succeed, and they are willing to help if management
can make it convenient for them.

**In Practice**

We organized our key people into a spreadsheet organized by name, phone number, and email. We selected people who were guaranteed to contribute, likely to promote the project, or had a great deal of influence i.e. people with large email lists. Most of these people are friends, family, mentors, and advisors.

We plan on reaching out to them about a month before the campaign through phone calls and email. Reaching out to each person individually will go a long way towards securing his or her help. We will be clear that we are asking for their support and about what we would like them to do in order to make it easy for them. One theme we will incorporate is the need to donate early in order to build the campaign’s momentum.

We will remind the key people of this with phone calls and emails when the campaign begins. Then we will forward them the material we want them to spread and wait for the results.

**3.3 (b) Make a Website**

**In Theory**

Building a website for the brand is useful step in any crowdfunding campaign. Websites build trust ("Get ready to," 2014). If a company wants to be taken seriously it needs to have a professional looking website (Knox, 2004). A website also gives management a place to send people before the campaign: to garner support, show off the project, and collect the email addresses of those interested in the product ("8 reasons why," 2011). A website increases reach (the number of people who come in contact with the business), helps organize customer service, and shows the project is building something sustainable--something management plans on
following through with. A website is critical for increasing the odds of success for a business ("8 reasons why," 2011).

If management has experience with web design and feels comfortable making the website from scratch that is great, the company is probably better for it. However, most people don’t know how to create their own website and coding can be an intimidating barrier. Luckily, there are many sites that cater to non-tech-savvy customers. They allow an entrepreneur to select a theme that some other web designer made and manipulate the content to fit company needs. One such website is Wordpress.com. A free service, this website allows inexperienced individuals to create functional websites with minimal coding. However, if management is willing to pay a small subscription fee, Squarespace.com is a better option. Squarespace is more hands on, allowing management to manipulate the elements of the site directly. It also provides more tools and options for the construction. They have pre made components available for use, such as shops, photo galleries, blogs, forms, slideshows etc. They will even link to all of the social media accounts and mailchimp, integrating all of a company’s marketing activities through the website. Finally they have built in SEO and excellent customer service, perfect for anyone not adept at web design.

There are several design components that go towards making a website effective and professional. Some are fairly common sense: easy navigation, quick loading, grammar and spelling, providing contact info, and having compelling visuals ("What makes a," 2013) (Kyrnin). Others require more thought such as: site descriptions and tags for SEO, using appropriate color, evolving content, avoiding “click here” components, and including blogging and social media pages (Kyrnin) ("What makes a," 2014). We live in the age of the Internet, an entrepreneur should know what trustworthy websites look like, how sketchy ones look, and
design theirs appropriately.

The purpose of a website is to convey relevant content to the visitor ("What makes a," 2013). This must be done in a clear and concise manner; attention spans are only so long. One should use clear language that will encourage customers to keep reading and use terms related to the business and the industry ("What makes a," 2013). People tend to skim online, so websites need to keep it brief (Kyrnin). Management should be sure all links work, and try to get as many inbound links as possible. It lends to a website’s credibility. When writing about products entrepreneurs should include as much information as possible ("What makes a," 2014). While project creators don’t want to shove information down the consumers’ throat, creators also don’t want customers to have to go to another site for product information. Having a link to a specifications page can be a great help. Finally an entrepreneur will want to link to all other marketing platforms: social media, any press the company has received, and the email list sign-up (Ranftl, 2013).

The bottom line is the company should have a professional looking website that lends credibility to management’s commitment to the business. One can find tons of information on the Internet on how to make a good website. Management just shouldn’t make anything they wouldn’t trust themselves. It’s better to have no website than one that makes a business look bad.

In Practice

Www.banknotewallets.com was designed using the squarespace platform. We picked a theme in line with our branding message; simple, aesthetic, and nostalgic. For example the font we used is similar to typewriter font to give the page an old-school feel. We decided to use squarespace for ease of use, allowing us to create many types of pages and link them with ease. The pages are even automatically configured for smartphone use.
The website has several components, organized in a home page. The shop component is set up to take emails and direct people towards the campaign. We also have a contact page for inquiries. Another component is an about section to showcase the company mission, team, and history. We plan on creating a social media page with all sites consolidated soon, but for now we simply have a gallery of Instagram pictures. It is a work in progress.

One of the pages we would like to build is what we call our Noteworthy blog. This is a place where we can talk about events within the company; engage with the market, and feature “noteworthy” people in order to gain a foothold in their networks. We are currently in the process of writing and editing the first posts.

So far the website has been a great idea. We have received a couple inquiries, but more importantly it gives us an easily accessible place to show the product. Since most people have a phone with Internet access it is easy to show them the product, put the website in their search history, and add another hit to the company page all at once.

3.3 (c) Social Media

In Theory

Crowdfunding itself is a form of social media; so social media marketing is naturally part of any successful crowdfunding campaign. Crowdfunding experts agree on this ("Promoting your," 2014) ("Run a live," 2014), although other marketing techniques may drive more traffic. A social media strategy will help engage customers in a convenient manner for both the consumer and the company, making the company easily accessible for any prospective customer. Social media is great for market research, establishing a company’s authority in the market, establishing brand image, and targeted advertising (Saravanakumar & SuganthaLakshmi, 2012). There are many sites out there that campaigns can market on, but the big ones are: Facebook,
Instagram, Twitter, Google+, LinkedIn, YouTube, Vimeo, and Pinterest.

One of the advantages of social media marketing is how quickly one can create and post content (Hausman, 2010). This allows the company to pivot quickly, which is one of the few advantages a small company has over a big one. Management can keep customers updated in real time, and customers get to see everything evolve. Transparency and authenticity are key to social media marketing, they will help build an emotional connection between the brand and the customer (Arruda, 2013). For crowdfunding this is especially true. People will want to see the process: the growth of the product from a young age, company challenges and triumphs, express their opinion (Schriever, 2013). Eventually company challenges and triumphs will become the audiences’. Creators should remember, social media is all about communication.

Good social media features content people will be interested in: videos, pictures, interesting articles etc. Management should remember who the market is and design the social media strategy accordingly. Effective social media doesn’t overwhelm customers with product; it gives them other reasons to be on company pages. A brand has a personality, management cultivates that personality through social media posts. Understanding the culture of each platform is necessary to optimizing social media.

There is a proper way to do social media marketing in the context of a crowdfunding campaign. Reaching out to the closest funders personally is more effective than broadcasts. Asking them to contribute early and share the campaign is good strategy ("Promoting your," 2014) ("Run a live," 2014) (Keck, 2013), these are key people. This strategy will multiply reach to many times what management could do on their own. Creators should announce the project officially on all channels and update in real time. Campaigns need to keep people informed, the audience will appreciate it (Keck, 2013). Management must thank donors individually and be
sure to tag them in posts. This will ensure that their friends all see it and encourage more people to donate ("Run a live," 2014). Creators should always respond to any comments or inquiries, any communication is good for company image. Management should not, under any circumstances, ask for money (Keck, 2013). Conveying the value of the project is the primary objective, the money will follow. If management is trying to increase the number of people in the company network donating, they should use phrases like “Help me spread the word” and “Know anyone who would like this?” instead of asking for donations (Keck, 2013). This will help project creators avoid sounding desperate and annoying people. After the campaign project creators need to keep posting, it is important not to leave the audience hanging.

In short social media is about connecting with the customer in real time. It should be used to create the brand identity, create buzz, target the audience, and learn from company followers (Saravanakumar & SuganthaLakshmi, 2012). While social media isn’t amazing for driving sales, it is so useful for branding that any serious entrepreneur needs to have a strong social media strategy.

*In Practice*

The BankNote social media strategy involves Facebook, Instagram, Twitter, Pinterest, Google+, Vimeo, Youtube, and LinkedIn. It revolves around creating a large amount of content, video, pictures, and copy. We split our social media posts into three categories: product posts, interest posts, and transparency posts.

Product posts sound like just sharing a product with a price tag but for us it is much more than that. These posts are designed to show product utility in an easy to swallow and entertaining way. For example we did a stop-motion video to outline some of the items you can fit into one Durant wallet, every item had its own way of moving into the wallet. We also plan on releasing
short “personality profile” spoof videos of the types of people who might use a BankNote. The videos will be designed to entertain, but subtly show the benefits of having a notebook wallet combo. Whether we are posting videos or photos we are committed to having the product be less of a focus than the branding environment we are trying to build around the product. These posts are limited to about 20% of the total.

Interest posts are unrelated to products in any way. They are designed to share media that our market might be interested in. This could be anything from a cool Instagram picture of something we see to an interesting article we found online. One of our key interest post strategies involves reviewing books. This will give us a chance to show the literature appreciation for the company and give a shout-out to the author, thus breaking us into their network. It also gives the customer a place to have a conversation with us. We plan on encouraging discussion. Interest posts account for 60% of our social media activities.

Transparency posts show the inner workings of the company. One example is a handwritten note Chris sent me with some leather samples. We also share pictures of the company members in action, progress on the campaign, and milestones we are crossing. We also use transparency posts to get feedback from our market, asking their opinion on certain topics and engaging in conversation with them. People like to see how a product is made, so we post many pictures of the prototyping process. Transparency posts account for 20% of our posting activities.

By having a dynamic social media platform like this we can engage with our audience on a number of platforms and a variety of topics. This will help us build momentum for the time to launch the campaign.
3.3 (d) Email Marketing

In Theory

Email is foundational to marketing and sales in e-commerce (Bnonn, 2012). Crowdfunding platforms suggest to do it, it’s that simple ("Promoting your," 2014) ("Run a live," 2014).

There are several reasons email crushes social media in terms of effectiveness at driving sales (Bnonn, 2012) (Pinkham). For one, the sender knows exactly where the message is going: into the contact’s inbox. With social media, management is never sure where or if the post will show up in a friends’ news feed (Pinkham). This makes it ideal for establishing a personal connection with the target, one of the themes common to the most effective ad campaigns. Email also looks relatively professional (Bnonn, 2012), some people see social media as amateur. By using a site such as mailchimp or constant contact one can easily create very dynamic and professional looking emails. Email is naturally transactional in nature as well. People don’t like their social media to be clogged up with offers, but they almost expect it from their email (Bnonn, 2012). Finally, email just gets more attention. People are less likely to skim their email; the message is more likely to be digested in an email.

Successful email marketing practices can easily be found at the source. Both mailchimp and constant contact, the leading email marketing platforms, have research and information based blogs to make an entrepreneur a better email marketer. However, the first step to do for any email marketing campaign is grow the list.

Constant contact insists that building a contact list has only two key components: covering touch points and remembering to ask (Pinkham). From their blog:

You want to make it easy for people to join your list and the best way to do that is
by making your list available at all the places people are interacting with your business. Whether it’s on your website, Facebook Page, or blog; at your store, restaurant, or office; or at your events—covering your touch points will guarantee your audience will grow and won’t require much heavy lifting from you or your staff. You also need to make asking people to share their email address, part of your regular routine. Most of the people who walk through your door, call your business, or connect with you on sites like Facebook or Twitter will be happy to hear more about your business—all you need to do is ask!

Project creators may also consider offering incentives for people to join (Pinkham). This can be a simple discount, a shout out, special treatment, free shipping, a sticker, or anything else with small value. It is worth offering these incentives for an email address, as an email address is one step towards a recurring customer. Management should also tell people what they are signing up for (Pinkham). One should tell the audience what content they can expect in the emails and how often the company will send them out. An entrepreneur might think that it would discourage people to know this information, but it actually helps reassure them. It is not advisable to pay for email lists, the company will get a reputation as a spammer (Mailchimp, 2014).

To be a great email marketer there are many factors to keep in mind. Simple facts like evidence that most emails are opened in the afternoon and that the middle of the week is when most people respond to them can make a huge difference in the effectiveness of email marketing (Mailchimp, 2014). The proper balance of links to content can even optimize the clickthrough rate (Mailchimp, 2014). One of the most important features to pay attention to is the subject line. This is the first text the customers will see when the company sends them an email, and has to be
a good hook to get people to open the email. It also is what most spam filters look at when deciding what emails are junk. When it comes to subject lines, boring works best ("Email marketing benchmarks," 2014) ("Subject line comparison," 2014). Mailchimp recommends project creators tell people what is inside the email, not sell what is inside. Effective email marketers do not write subject lines like they are advertisements, peoples’ lives are full of annoying ads. A company should make sure emails are not annoying. Mailchimp even supplies a list of the most effective subject lines ("Subject line comparison," 2014). Another important factor to consider is spam filters. Here are some tips to avoid being marked as spam ("How to avoid,”):

- Using spammy phrases, like “Click here!” or “Once in a lifetime opportunity!”
  Going crazy with exclamation points!!!!!!!!!!!!!!!

- USING ALL CAPS, WHICH IS LIKE SCREAMING AT THE TOP OF YOUR LUNGS VIA EMAIL (especially in the subject line)

- Coloring fonts bright red or green

- Coding sloppy HTML, usually from converting a Microsoft Word file to HTML

- Creating an HTML email that’s nothing but one big image, with little or no text (since spam filters can’t read images, they assume you’re a spammer that’s trying to trick them)

- Using the word “test” in the subject line (agencies run into this when sending drafts to clients for approval)

- Sending a test to multiple recipients within the same company (that company’s email firewall can only assume it’s a spam attack)

- Designing HTML email in Word and exporting the code to HTML (That code is
sloppy, and spam filters hate it.)

Segmenting lists can also improve the clickthrough rate ("Effects of list," 2014). Personalizing the messages helps a brand connect to the subscribers and increases the effectiveness of email campaigns. Different people like to be marketed to in different ways, management should find out what works for different customer segments.

Email marketing should begin long before the campaign. Investors invest in lines, not dots (Menn, 2013). Building hype around the campaign through occasional updates will increase a campaign’s effectiveness. Bringing customers along for the ride, being transparent, and showing them where the company is in product development establishes a personal connection. If the consumer likes what the company is doing they will show their friends and company lists will grow. It is important to generate buzz long before the campaign.

*In Practice*

Building the BankNote list involved asking people to sign up, it is as simple as that. This was more easily facilitated because we had already done this for a previous business, so most of our core contacts we simply transferred over. However the principles were the same. We had sign up sheets at events we hosted, asked people on campus, and offered discounts and promotions. We collected emails from surveys, on our website, and from our social media platforms. We even created a list for everyone who had ever given us their business card, so we could cater to our professional contacts as well. From all this we were able to gather over 100 contacts over a period of about 6 months.

We also decided to try and utilize other existing email lists that we could count on being featured in. We went around our university asking the Business Department, the Honors Program, and the Entrepreneurship Club if we could count on them to forward our
announcement email. We plan on targeting journalism, creative writing, and art departments as well. We also plan on using the lists of key people who want to help us succeed. These people care enough about the company to forward the email to their personal contacts and help spread the word.

Our email strategy will begin with an announcement email about a month before the campaign to let everyone know we are planning on launching. This will involve several different versions, one for the masses, one for our key people, and one for our business contacts. However, the email marketing campaign will really kick into gear when the campaign launches. We will send out a massive launch email to let people know we are ready to fund. This will then be forwarded around through our network, garnering support for the campaign and adding to our personal list. From this point emails will largely be updates spaced about every two weeks. These will let people know what we are doing to provide the product on time, and help build trust in our ability to see the campaign through. This will be key to getting late stage donors.

After the campaign we plan on continuing with the update emails until the products are shipped, and then transition into a more traditional email-marketing scheme. We will have a newsletter and announce new products, initiatives, and promotions.

3.3 (e) Blogs and PR

*In Theory*

Blogs and PR can make the difference between a successful campaign and a dud. The creator of TGT wallets claimed blogs and PR were the key to his success (Sutter, 2014). If an entrepreneur wants to sell a product, exposure drives sales--it is as simple as that. Warby Parker, an online eyeglasses store, launched with two editorials in Vogue and GQ and spent $0 on
marketing. Within two weeks they had a waitlist of 20,000 customers (Markowitz, 2012). Getting the right exposure in the target market can ensure the success of any crowdfunding campaign.

Blog and PR marketing is all about hitting the right publications in the right way. It is recommended to start by making a list of media targets the company would like to be featured on, and are likely to write about the campaign (Whitaker, 2013)(Sutter, 2014). Next, one should separate them into categories by industry and subject matter. Different targets should be reached out to in different ways, and management should tailor the content sent to media targets by the interests of the publication (Whitaker, 2013). Once management knows whom they want to reach, they need to create a press kit: the package the company will send to the media in hopes of a publication.

A press kit should include videos, pictures, and some high quality content (Klein, 2014). It should also include an overview of the release of the product, a Q&A section of commonly asked questions, and short bios of the project creators (Whitaker, 2013). It is important to outline the history of the company partners, the press is looking for a story; project creators have to sell the emotion behind the product (Whitaker, 2013). This isn’t a business pitch. As one tells the story they should be sure to mix the bigger picture into the details; tell people why the project creators are doing this (Klein, 2014). It will help build trust. Management should start the press release with what problem the project is trying to solve (Whitaker, 2013). Tying it into trending events or news will make the reporter more likely to pick up the story (Whitaker, 2013).

When reaching out to the press it is important to reach out to each publication individually, reporters hate blanket emails (Whitaker, 2013). It is suggested to do this the night before the campaign, as it is ideal to time the publication in sync with the campaign, and one
does not want the reporters to forget about the story if they receive the press kit too early (Sutter, 2014). Management can also use a service like http://www.prnewswire.com/ to reach many targeted publications at once that one might not otherwise have access to, although it costs money. Here are some additional tips for reaching out to the press (Wadhwa, 2013):

- Read dozens of business publications. Understand what topics are newsworthy and which journalist writes about what topic. You will find that journalists are always under tight deadlines, have specific “beats” that they cover, and are looking to inform their readers of the latest trends and explain their meaning. Write to them and offer your insights. You will find that most journalists do write back to you.
- Focus on the needs of the journalist and not yours. No one is interested in your product. If a journalist asks you a question, answer that, and don’t obsess with getting your product covered. Build a relationship over time, and it will likely pay off with your getting the coverage that you are looking for.
- If you do have something to announce, put it in the context of a “news hook”. Make your message timely and relevant to what is happening in the industry or the world.
- Don’t ignore small or regional publications. You may want to be in The Wall Street Journal, but it is not likely to cover you until you have built great credibility. Your best starting point is small, industry-oriented or regional publications. They are a lot easier to approach and will likely be interested in breaking your story.
- Be available—even when you are busy. Journalists on tight deadlines need sources to quote as fast as they can get them. The first to respond usually get featured.
• Be honest. You will find that journalists have excellent “bullshit detectors”. If you mislead them even once, not only will they never write about you in a positive way; they’re likely to tell their associates about their experience. I confide in journalists all the time. I have not had even one journalist report on something that I said was off the record or was on background.

• Be yourself, and express strong opinions. If you’re going to hedge your bets or be diplomatic, your message will drown in caveats.

If management reaches out to the media in the right way, they can generate enough buzz to drive high traffic through the campaign page.

It is also helpful to start a company’s own blog page for the business. It will increase SEO, allow management to share news in a new place, establish the business as an expert in the field, and most importantly allow the company to engage with customers (Jernigan, 2012). Blogging gives management a place to share progress on the product and outline company history. The more transparent management is with the company, the more people will trust the company and feel a connection with the campaign.

In Practice

The BankNote PR strategy began with selecting blogs and publications as targets for our press release. We spent a long time on Google researching articles and blogs on products similar to ours, and took advice from the creator of TGT wallets to compile our list. We also plan on reaching out to regional and national newspapers for coverage.

We separated our blog targets into two categories: blogs that would be interested in the product and blogs that would be interested in the company behind the product.

The blogs we think will be interested in the product itself are known to feature interesting
or cool products similar to the BankNote wallet. Our list so far:

- Uncrate
- Cool Materials
- Details
- Cool Hunting
- Carryology
- Thehandandeye
- Thegrommet
- Inewidea
- Strangene新产品
- Incrediblethings
- Mashable

These blogs might have a passing interest in the company story, but they will be more intrigued by the product/brand package we are putting together. We will cater to them by introducing them to the product design, inspiration, and utility. We will also share with them selected media content to demonstrate the branding environment we are cultivating.

The other category we divided the blogs into will be more interested in the company story and the background of the product. These blogs feature products made in the USA, start up products, and products with an interesting story behind them. Our targets include:

- Madeinusablog
- Acontinuouslean
- Hankusa
- Madecollection
Well-spent

Startupblog

To properly hook these blogs into writing about us we plan on using several aspects of the BankNote company. The fact that the product is made in Manhattan will go a long way with the made in the USA blogs. The dynamic of running the company between two college student partners and a roommate’s mom, separated by 3000 miles through phone calls, email, and handwritten notes will also make for a good story.

Reaching out to blog targets will begin a week before the campaign with an introductory email and digital press kit. We will then follow up the day before the campaign to remind them of the launch.

Our PR strategy also involves reaching out to newspapers. We are specifically focusing on the business sections of these publications, as crowdfunding is a hot topic in business these days. So far we have selected five journals:

- Businessweek
- Brooklyn Paper
- NY Times
- Reno Gazette Journal
- Forbes

We plan on sending an introductory email and a digital press kit to these publications’ tips email a month before the campaign. It will give us enough time to do an interview if needed. With these targets we will focus on the crowdfunding and entrepreneurship aspects of the BankNote company.

In our press kit we plan on including our Kickstarter video, links to the website, an
overview of the release, a Q & A, and company member bios. It will also include several talking points for the journalist. A specific folder for each aspect we think they might cover with sufficient information and imagery to supplement a story. Examples of these aspects include choosing to manufacture in NY, the history of the partners, the nostalgia message, the product design, the crowdfunding aspect, and the fact that we are offering a BankNote signed by the discoverer of the Titanic shipwreck as one of our prizes.

We plan on creating a blog for BankNote, called Noteworthy. We will feature noteworthy artists, writers, musicians, and entrepreneurs. We plan on calling them doodlers, scribblers, fiddlers, and peddlers. This will allow us to break into other peoples’ networks through featuring them on our site. We also plan on writing posts about the inner working of the company. The first three are in progress as of right now and will cover the topics of the birth and death of the first BankNote wallet, the process of sourcing the leather, and the selection and interaction with our manufacturer.

3.4) Creating the Campaign

3.4 (a) Video

In Theory

Campaign videos should be considered mandatory ("Get ready to," 2014). Projects with videos have a much higher success rate than projects without videos, 50% as compared to 30% ("Making your video," 2014). A video helps create a personal connection to the audience, one of the key factors in the most effective advertising campaigns (Ranftl, 2013). A project creator does not have to be a professional to make a good video, plenty of campaigns have made their videos on a phone or a laptop, and there are a couple rules of thumb that one can apply to make the video look presentable. These rules have to do with lighting, framing, and sound (Menn, 2013).
Lighting mistakes can cause the video to look very bad. Avoid overhead lighting, backlighting, and low light (Menn, 2013). With proper lighting project creators can make a shot look great with a poor camera. Framing shots properly can also make an amateur photographer look professional. The rule of thirds is a well-accepted rule in all visual media. Basically, the cameraman wants to put the subject in two thirds of the frame and keep one third open (Menn, 2013). One should also keep the empty space wherever the subject is looking or pointing, it’s called a lead (Menn, 2013). Finally, it is a good practice to use high quality audio. One should find a room with good acoustics, and never use the built in mic of the camera (Menn, 2013). Avoiding noise is advised, it is very annoying and signals poor quality. While the video doesn’t have to be professional quality, it is important to show that the project creator cares about detail (Almerico, 2014). A poor quality video will signal a poor quality project.

Kickstarter says that no matter the quality video project creators will want to include the following ("Making your video," 2014):

- Tell us who you are.
- Tell us the story behind your project. Where’d you get the idea? What stage is it at now? How are you feeling about it?
- Come out and ask for people's support, explaining why you need it and what you'll do with their money.
- Talk about how awesome your rewards are, using any images you can.
- Explain that if you don't reach your goal, you'll get nothing, and everyone will be sad.
- Thank everyone!

Project creators should star in their own video (Pozible, 2014). It’s part of that personal
connection. It doesn’t matter if they are awkward or goofy, in fact it will make them more relatable. However, management will want to tailor the look to the target market. The customer will want support a project by someone like them (Pozible, 2014).

A campaign video should keep it short. A video should be between 2 and 3 minutes (Pozible, 2014). Videos must end with a bang, project creators will want the video to be memorable (Almerico, 2014). A video should give the audience something to talk about with their friends, be creative, funny, or hit the audience with another emotion. When telling about the project it is helpful to tell the story in the right order. Starting with the why, segwaying to the who, and ending with the what will help a project creator get the critical information across in a clear and concise way (Menn, 2013).

By keeping all of this in mind project creators can create a great video on a low budget and increase the campaign’s chance of success by 20% ("Making your video," 2014).

**In Practice**

For the BankNote video we decided to pay for a professional film maker. That being said we used someone we knew as an entrepreneur and worked out a good deal. We paid 30% of the money up front, with the rest to be paid if the campaign was successful. This was also a key marketing strategy, we made our videographer a key person likely to promote the campaign. To forge a personal connection with the audience I starred in the video.

Our video begins with a hook, “Have you ever had an idea that you forgot because you didn’t write it down?” This engages the viewer and encourages them to keep watching. I ended up voicing the whole video over in a southern gentleman’s accent to add an element of humor.

The video then shows the product. This footage is of my hands putting items you might
carry around with you in the wallet, and demonstrating the marriage between a notebook and a wallet we have accomplished. This section is basically a brief overview of the product, and allows the viewer to see the functionality of the wallet.

We then segway into possible uses. These shots were all done from a POV angle, allowing viewers to put themselves in the shoes of a BankNote user. We list off some uses: notes, poetry, drawing, getting phone numbers, and even have a scene where we make an origami boat out of one of the pages. Then we name off several locations you might be using a BankNote in rapid succession. We have accompanying footage for each location. Each of these scenes has an element of humor, we are trying to keep the audience entertained. This whole time we are building the value of the product.

Then the video will feature a portion of me talking about the company story, the use of funds, manufacturing practices. This will also be the section where the “ask” comes into play and we remind people if we don’t make our goal we get nothing. We are going to explain how invested we are invested in the project, and ask that others share our vision. Then we close with our thanks.

3.4 (b) Content

In Theory

When it comes to designing the campaign page management needs to take the copy and imagery seriously. This is where the details come into play. The content of the campaign consists of a project title, the project description, and the imagery included ("Post a resonant," 2014).

The project title and image are the first components a prospective customer will see when they come in contact with the campaign. They should be designed to hook the audience. The title
should be simple, specific, and memorable ("Promoting your," 2014). One should include the name of the company or product, and avoid terms like fund, support, help, and donate ("Promoting your," 2014). Project creators are trying to show the audience the project has value, not act like the company is asking a favor ("Promoting your," 2014). Project creators should differentiate the product title with humor or intrigue, use it to create identity for the campaign ("Post a resonant," 2014). The project image is how the campaign will be represented on the web ("Promoting your," 2014). For a product campaign one should always feature a picture of the product, along with a very brief description. It is important to have a quality image, as project creators want backers to know management is taking the campaign seriously. Management should avoid featuring goals or benchmarks in the image, it confuses viewers ("Promoting your," 2014).

When writing the project description one should start with a hook and get the critical information across early, people tend to scan the first two paragraphs and nothing more ("Project description," 2014). The text should stay focused on the goals and what the project is all about ("Promoting your," 2014). The page should also include a FAQ.

Here are some tips on what makes a good project description ("Post a resonant," 2014):

- Introduce yourself
- Keep it to 3 to 5 paragraphs
- Have a tone that is reflective of who you are
- Tell the back-story of your project and your journey until this point
- Touch on "why this project matters"
- Include high-level details on where the money is going and what your are trying to accomplish
- Make your call to action (i.e., what you want people to do [fund] and why) clear and compelling, convey "I need you to make this happen"
- Be authentic, be confident, show passion for your project and passion for adding value to others
- Talk about the unique prizes each funder will get in return for their contribution

One of the more important features of a project description is the bio. The bio is where people can get to know the management team, but more importantly where project creators can earn consumer trust ("Promoting your," 2014). It is imperative that the photo, username, and bio reflect the project creators as professional, creative, and motivated ("Project description," 2014). Project creators should also include links to any prior work they have accomplished ("Promoting your," 2014). It is crucial to include the “human element”, this is the best chance to form a personal connection with the target, key to the success of the marketing campaign (Ranftl, 2013).

The imagery of the campaign is foundational, campaigns use it to communicate with the audience in place of text. A picture is worth 1,000 words after all. Images should be high quality and show the product’s functionality, uniqueness, and market positioning. Creators should be sure to include brand identity pictures such as the team working on the prototypes, or some other point in the process of building the campaign. It is imperative to feature pictures and descriptions of all the prizes management plans on offering ("Post a resonant," 2014).

The project page a website. Management should use it to showcase company design abilities, and make it look professional. It is a reflection of the company’s ability to accomplish difficult goals. By effectively communicating the message, value, and identity one can build a trusting customer base of people who believe in the campaign.

*In Practice*
For our project title we decided on “BankNote Wallets - Intended For Creative People”. It is simple and memorable. Our brief description:

A BankNote Wallet is what you get when you marry a wallet and a notebook.

This romance has chemistry.

Our project image will be a product image that clearly shows what it is. We aren’t trying to communicate too much information at this point, only draw people in to click on the page.

However that changes when we get to the content of the page. We will let the video and imagery get most of the product environment and usage out of the way, and focus on the the company story, prizes, and use of funds.

The company story aspect will feature a history of the company and it’s founders. In our bios we will discuss our previous success with Kickstarter to show the audience they can trust us to deliver. We will also discuss the process of the products development, where it is now, and where we intend to take it. This is also where we bring up our budget, which is featured in table 3. We will talk about why we decided to manufacture in Manhattan, and demonstrate that this project is designed to bring a high quality product to the market.

Then we will detail the prize structure. By this point the viewer is either not interested in the product or wondering how much they have to pay for it. Each prize will come with a simple description and image, along with details on shipping.

We will then link to literature that suggests the benefits of carrying a notebook around with you. This may be the final push some people need.

Finally we will include a FAQ with the following questions:

- Lots of wallets are in the $20 range, why is yours more expensive?
- What are the dimensions of the wallet?
• How many cards do the wallets carry?
• Do things fall out of it?
• When will I get to choose the style of my wallet?
• Where do you get the leather?
• Can you make one that will carry my smartphone?
• Why don't you use rubber/elastics in your wallet?

3.4 (c) Prize Structure

In Theory

Rewards or prizes are what contributors will receive in return for their pledge. Choosing rewards is another point that could make or break a campaign. Obviously the primary reward will be the product the project is crowdfunding, but management needs to take other price tiers into account ("Creating rewards," 2014).

Offering creative, unique, and desirable rewards at every price level will give the donors ways to support the campaign no matter how little or much they want to contribute. The product will receive the most attention wherever it lies on the price structure, but Kickstarter has found that campaigns with a reward of $20 or less succeed 17% more of the time than campaigns without ("Creating rewards," 2014). On Kickstarter the average pledge is $70, but the most common is $25 ("Creating rewards," 2014). No matter what, one should include a wide range of prices from $5 to over $1000, you never know what might happen ("Create the," 2014).

However, a campaign should limit itself to 6 - 8 rewards. If rewards aren’t easy to follow or if there are too many people will tune out ("Rewards," 2014).

Certain traits make for good prizes. Prizes that are unique, limited edition, or in some
other way make the contributor feel special are always a good idea ("Rewards," 2014). Rockethub insists these qualities make great prizes ("Create the," 2014):

- Ensure the Goods have meaning and value to your network and beyond.
- Have the small level be easy to distribute (e.g., MP3’s, digital still pictures, acknowledgements on a website); medium level is often physical goods, large and extra large levels are often live/custom/special goods, services, or experiences.
- Make the Goods special, unique, in short supply (e.g., custom, handwritten, signed, numbered, limited).
- Create a Goods menu that reveals your character and project brand.
- Allow funders to be part of your project
- Use Goods to help funders feel like they know you

Management shouldn’t hesitate to offer in person rewards such as inviting backers to live shows, workshops, consulting sessions, tours, and dinners, you never know if a contributor might later be an investor who would want to meet project creators in person ("Create the," 2014).

The bottom line is real value translates into a purchase. By offering valuable, creative, unique, and memorable prizes one can set up a storefront for the campaign. Prizes can be anything from twitter follows to a dinner date. Recall earlier the mention of a project creator offering to get a tattoo on his butt for a donation of $100,000. Nobody bit, but its certainly a creative and out-of-the-box prize.

In Practice

Our prize structure consists of seven tiers ranging from $5 to over a thousand. We think they are well spaced and each is valuable in its own way. Here is a table of the costs and prices associated with each prize.
Table 4: Prize Structure Spreadsheet.

<table>
<thead>
<tr>
<th>Prize</th>
<th>Cost</th>
<th>Price</th>
<th>Profit</th>
<th>Markup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thanks n Follows</td>
<td>$0.00</td>
<td>$5+</td>
<td>$5+</td>
<td>-</td>
</tr>
<tr>
<td>Notebook</td>
<td>$4.15</td>
<td>$12</td>
<td>$7.85</td>
<td>189.16%</td>
</tr>
<tr>
<td>2 Notebooks and a Pen</td>
<td>$9.00</td>
<td>$20.00</td>
<td>$11.00</td>
<td>122.22%</td>
</tr>
<tr>
<td>The Auster</td>
<td>$17.75</td>
<td>$38.00</td>
<td>$20.25</td>
<td>114.08%</td>
</tr>
<tr>
<td>The Durant</td>
<td>$20.25</td>
<td>$52.00</td>
<td>$31.75</td>
<td>156.79%</td>
</tr>
<tr>
<td>Combo Deal</td>
<td>$44.30</td>
<td>$80.00</td>
<td>$35.70</td>
<td>80.59%</td>
</tr>
<tr>
<td>The Original BankNote signed by Bob Ballard</td>
<td>$10.00</td>
<td>$1,000.00</td>
<td>$990.00</td>
<td>9900.00%</td>
</tr>
</tbody>
</table>

The Thanks n Follows prize will include a public thank you on social media outlets and the BankNote page will follow the backer’s social media pages of choice. This is very easy to distribute and basically free.

The Notebook prize is exactly what you would think it is, except that it also comes with a personal handwritten thank you from the project creator. In fact all the prizes higher than this tier will come with a handwritten letter. This is still fairly easy to deliver and has a nice profit margin.

For $20 funders can get two notebooks and one of our inox steel mini pens that comes with the Durant wallet. We expect this will be a popular prize with those who aren’t likely to use the wallet but would still like to support the campaign.

The next highest prize is the Auster wallet. At $38 we think this wallet will entice a fair amount of people. In fact between this and the Durant wallet, the next highest tier, we believe we will raise around 80% of our funding. It is typical in product funding campaigns for the product to be the most popular option.

We then offer a combo deal, one of each. It also comes with extra notebooks. We are
taking a bit less profit on this prize, but we think it is worth the larger contribution towards the goal. The more that people give the less people have to give.

Our final prize for $1000 was a stroke of luck. I happened to be invited to a lunch with Bob Ballard, discoverer of the Titanic shipwreck. I also happened to have my BankNote on me, so I got him to sign it. This will make great PR material. This BankNote has been my wallet for the past 4 months, and is one of the first ever made. It has my personal note in its pages. The value of the signature from Bob, the personal connection to the project creator, and the novelty of having one of the first ever made make this prize an interesting talking point. We’ll see if anyone buys it.

3.5) Running the Campaign

3.5 (a) Launch With a Bang

When one launches the campaign, they should launch with a bang. Quickly building financial support builds trust, 80% of projects on Kickstarter that raised 20% of their goal ended up successfully funded (Huston, 2014). If the page is popular in the early stages, it is very likely that the platform will feature the project on a front page ("Creator questions," 2014). Pozible claims the first 48 hours are the most important part of a campaign; so having the proper launch strategy is critical to success ("Launch," 2014).

The first task project creators should do is reach out to the key people and let them know the company is preparing to launch ("Run a live," 2014). Management should create some hype, such as an early donor special price or edition ("Launch," 2014). When the campaign launches these people will frontload the campaign, and others will follow ("Run a live," 2014). Creators should announce the launch ahead of time on social media and reach out to media targets right
before the launch so that the press lines up with the beginning of the campaign. It may also be worth hosting a launch party, it will incentivize people to support and share the campaign, increasing the network size instantaneously with the launch of the campaign (Menn, 2013).

3.5 (b) Project Updates

Broadcasting updates via social media, email, and the project page is an essential practice in crowdfunding campaigns. One should share progress, post media, and thank backers ("Project updates," 2014). Investors invest in lines and not dots. Customers who wouldn’t buy at an early stage might be more likely to commit at a later stage, updates make sure they know what the campaign’s status is. From Kickstarter success school ("Project updates," 2014), “While your project is live and the clock ticking, keep your backers informed and inspired to help you spread the word. Instead of posting a link to your project and asking for pledges every day, treat your project like a story that is unfolding and update everyone on its progress.”

Project creators should view the project updates as a process, there is a right way to execute them over a campaign. Management should start by publicly thanking the initial donors ("Run a live," 2014). This builds credibility and allows the project to reach a larger network. Hitting social media outlets with the opportunity to participate in the birth of a new endeavor and receive real value will make the campaign appealing and not sound like the company is asking for donations ("Run a live," 2014). Using blog posts to add to the brand character and mention any press the company receives just builds more credibility. Management should release new goods and limited offers to incentivize purchases and build momentum ("Run a live," 2014).

It is also important to share if the campaign execution is not going as planned. Transparency will help ease the pain of the donors if the project is late fulfilling orders. They
won’t be mad if the project hits a snag, but if project creators can’t be found customers will get
angry, and besmirch the company reputation (Keck, 2013).

3.5 (c) Get Moving on Fulfilling Orders

It helps to be prepared when the time comes to fulfill orders. If the project needs to
manufacture a product, entrepreneurs must have the dialogue open long in advance ("Reward
fulfillment," 2014). If the project needs to source parts or materials, entrepreneurs need to
establish sources early. Management should expectations for timing and delivery ("Manage
funders," 2014). Most importantly the campaign needs to follow through and deliver. This is the
company’s first foray into the market, it is important start on a good note. It will affect the
company’s professional reputation ("Manage funders," 2014).

4) Conclusions

Crowdfunding is now a viable means of gaining startup capital. The process or running a
successful campaign can be broken down into several steps, each with its own specific
components. These components can each be optimized through best practices.

There is no way to definitively guarantee the success of a given campaign, crowdfunding
is always a gamble. However, by optimizing the individual components of the campaign and
covering all the bases one can increase their odds. By detailing these tasks and the best methods
to approach each, this paper has identified a process designed to give a crowdfunding campaign
the best chance of success.
The application of these principles to the BankNote wallet project is a work in progress. Many of the components are incomplete, however thanks to the details in this manuscript we have established strategic plans for the execution of each step. We are confident that the practices discovered in this paper will lead to the success of the BankNote campaign. We plan on finishing up the preparation and launching the campaign by the end of September 2014.

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