

1. Explain what blue and red oceans are and how they are different.

Red oceans represent all the industries in existence today. This is the known market space. Blue oceans denote all the industries not in existence today. This is the unknown market space. Blue Oceans can be created within a red ocean, but some are formed beyond existing industry boundaries. Blue oceans represent the untapped market place, and have the opportunity for highly profitable growth.

2. Think of two startups that, through their venture, has both created and has taken a good portion of a new market through the use of the blue ocean strategy. Describe those two startups and describe what part of their product/service was for the 'blue ocean'.

-Oculus rift kickstarter opened up the market for virtual reality games. They received 2,457,429 dollars with their goal being 250,000.

-OUYA is android game console whose goal was to bring mobile/android gaming to the living room. They received 8,596,474 dollars pledged with their goal being 950,000.

3. Name one advantage and one disadvantage of strategizing to join red oceans.

Red oceans try to exploit existing demand. Companies can do this by offering lower prices. A disadvantage is that red oceans are extremely competitive, and a smaller company can easily be destroyed by larger companies with more assets.

4. What are the three main types of crowdfunding? Explain them and what separates each from each other succinctly.

Pure donation model: no rewards at all are offered to contributors.

Rewards based donation: employs an incentive system whereby backers receive nonmon-etary rewards

Lending crowdfunding: raises money with the expectation that founders will repay supporters.

Equity crowdfunding: the venture raises money from a crowd in exchange for an ownership stake in the firm.

5. What type of crowdfunding is Shujinkou? Why?

Shujinkou is rewards based donation, because it offers backers rewards in exchange for money.

6. To further develop Rice Games at this stage, what do you think is the most appropriate form of crowdfunding. Explain your reasoning. (No correct answer!)

I believe the reward crowdfunding model is the best plan for Shujinkou. The game is interesting enough and the rewards are enticing enough to convince people to spend the extra money. The game also appeals to a wide array of people, and kickstarter is a great place to start a campaign due to its high visibility.

7. Find and discuss a startup that used the most rewarding crowdfunding type to fund itself and a startup that used the least rewarding crowdfunding type to fund itself.

Lending crowdfunding is the least rewarding model, because the company gives the money they receive back. As mentioned in the article, the Pebble smart watch was extremely successful and got more than “100 times its funding goal”. The pure donation model is the most rewarding, because the company is not offering the backers anything. Many charities employ this model, and it is extremely lucrative. Highest expense is marketing.