**COMP2011 Assignment2**

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### Introduction:

In this assignment, I will firstly define the assumptions for my start-up business and my products. After that, I will list some key success factors and key failure factors for the crowdfunding projects related to my business by giving some examples. Then, the most suitable crowdfunding platform will be selected to fit for my product. At last, I will establish the strategy and roadmap for my fundraising in the selected crowdfunding platform.

### Assumption:

As a technology start-up, my team is planning to bring more convenience to the world in our daily life. My start-up team is well prepared to produce an outstanding product names Flumb, which we believe that it will make people’s life much more convenient during raining days. Compared with regular umbrella, Flumb can follow the user and keep itself directly above the user when the user is moving, which means the user does not need to use one hand to hold it. The main design is as the picture shows. The Flumb consists of three essential components: umbrella, drone, and sensor. 图片包含 伞, 游戏机, 桌子

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However, my team does not have sufficient funds to start a potentially profitable business. We are planning to launch a campaign to raise funds from a crowdfunding platform. Here are the research results.

### Key success factors & key failure factors:

The business nature of our product is about innovative and practical design. By comparing over 100 crowdfunding projects from 8 crowdfunding websites (Kickstarter, Indiegogo, EquityNet, EquityNet, Crowdcube, GoFundMe, Fundly and Funding Circle), the following key factors have been found related to our product. It is worth mentioning that all the examples found here are those with good designs. Apart from their excellent design, we then compare other influence factors.

#### Key success factors

**A concise and impactful demo:**

With a clear and cool demo, the probability of successfully raised idea money will be much higher. The reason is that it provides a straightforward way for people to understand the product and then trust the potential of it. For example, STUR Skillet [1], Mobile [2], and MOFT Float [3] are all very creative and useful design, the same as ours, which quickly raised even ten times of the expected amount of money. Meanwhile, products like ReishLabs Axiom [4], with a vast potential market and unique design have been neglected by investors because of the absence of beautiful demos. In conclusion, a clear and fantastic demo is the most necessary element of a successful crowdfunding product.

**Integrated social media for promotion:**

Nowadays, social media is the crucial medium for people to know a new product, which includes paid, owned and earned media. Media like Website, Facebook, and Twitter are the most fundamental ones that cannot be ignored. Also, some paid media, for example, banner advertising and Facebook ads can be considered too. There are mainly two reasons. The first is that more social media and more promotion will let more people know the product and then engage the campaign. Second, it will also make the investor believe that the founders are ready for their business and 100% trust their product.

**Clear plan and marketing materials:**

Good demos and impressive promotion can only bring people to the campaign, but it is not guaranteed that they will stay and finally donate to the product. Some of the investors value the future market potential of the product a lot. It can be easily found that in Kickstarter, Indiegogo and many other websites, the most successful crowdfunding products are always with a clear plan and well-defined market strategy, for example, Olive Pro [5] and Ginjot [6] from Indiegogo, which give an exact timeline of millstones and also give the detailed market strategy.

Apart from the above, choosing the right platform is also very essential. There are plenty of different crowdfunding platforms on the internet. However, some of them are general, but others are specific to particular industries and target users. In the following section we will discuss this in detail.

#### Key failure factors

Most of the time, the success factors and failure factors are the opposite of each other. Without impressive videos, without the Integrated Social media for promotion, without a clear plan and market strategy, and choosing the wrong platform can all be the possible failure factors. Apart from these, here I also list some other failure factors that are easy to be ignored by the majority.

**The wrong launch times:**

“Day 1 is the most important because it can make you surface on Kickstarter—many people are looking for the early bird deals—and if you get up with a lot of people who aren’t your friends right away it keeps you at the top of your category, and this is the best chance to get on the front page,” said Drew Falkman, of Falkon Productions, a technical consultant who ran a Kickstarter campaign with a client [7].

Choosing the right time to start the campaign is very significant. If we want to let the products show at the top of the website, it is better to start the campaign in the morning of the target time zone. Meanwhile, the team should prepare all the things in the beginning but not continuously modify the content.

**Not setting a realistic funding goal:**

Setting too high or too low can both lead to the failure of the crowdfunding. If the goal is too high, people may double the motivation of the campaign, and if it is too low, it cannot support the manufacturing of the product. Also, as I said before, the first two days are the most important, it is better to have at least 30% of the funding goal ready to be invested into the campaign in the first two days [8]. The goal is to exceed key campaign milestones in the first couple of days to ensure you are trending and showing success. With the funding momentum created at launch, Indiegogo/Kickstarter algorithms will kick in and will increase your campaign’s visibility within their community.

### Crowdfunding platform evaluation

Before selecting the platforms, I will first define some criteria:

* Number of users: without a large number of users, the campaign is hard to raise enough money.
* The conformity of our business nature and target costumers: only in this way can we get more potential investors.
* The price: if the platform charges a large percentage of the funding, the result of the campaign may not be satisfying.
* Functionality and customization options: the platform must support all the essential functions for the campaign.
* Restrictions of the platform: some platforms have many undesirable restrictions which may lead to many troubles during or after the campaign, for example, Conditional final payouts and the inability to adjust your campaign’s duration.

According to Dr YUEN, in general, there are four main types of the current crowdfunding platforms, which are Reward-based crowdfunding, Equity-based crowdfunding, Donation-based crowdfunding, and Lending-based crowdfunding. From these four categories, I list the typical ones for each type, and I will now introduce them one by one.

**Reward-based crowdfunding:**

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描述已自动生成 Kickstarter is one of the largest companies in crowdfunding, which has raised over $5 billion with more than 189,000 (as per October 2020) projects funded since its inception in 2009. Just like its name, Kickstarter is very easy to start a campaign.

图片包含 游戏机, 画

描述已自动生成 Indiegogo is also a trendy crowdfunding platform. Indiegogo’s users are usually creating campaigns for tech innovations, creative works, and community projects. The crowdfunding platform works similarly to Kickstarter, except it doesn’t have an exclusively all or nothing fundraising model.

**Equity-based crowdfunding:**

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描述已自动生成 EquityNet and Crowdcube are both very famous crowdfunding platforms based on equity, which means investors can share the profits of the company. However, these two platforms focus more on enterprise field crowdfunding which may not be very suitable for our product.

**Donation-based crowdfunding:**

徽标, 公司名称

描述已自动生成 GoFundMe is an excellent choice for personal fundraising needs, which contains all kind of crowdfunding projects. Its track record of success includes bringing in more than $9 billion in funds from over 120 million donations.

徽标, 公司名称

描述已自动生成 Fundly is another prevalent crowdfunding platforms. It’s easy to get started, the fees are low, and the most significant is that the raiser can whatever funds raised, that means even it does not reach the goal!

**Lending-based crowdfunding:**

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描述已自动生成 Funding Circle is a lending platform for small businesses. Unlike the common crowdfunding platforms, Funding Circle allows users to lend from others; in other words, it is peer-to-peer lending for the interest-based return.

As a conclusion of the above platforms, I made the following table to better compare them vertically and horizontally. Noted that in each aspect a score of 10 means that the platform is very popular, with excellent conformity, cheap price, excellent functionality and customization, and few restrictions.

图片包含 游戏机, 绿色, 显示器

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By comparing the above platforms, we will choose **Kickstarter** as our platform. First, it has excellent grade of almost all the criteria, which means it can fulfill most of our requirements and easy to start. It has a large number of users and is of relatively low price, and it is free until achieving the goal. Second, **Kickstarter** is very suitable for our business mode. It supports numerous practical innovations and creative design. Moreover, there not many resections of the websites and the raiser can have full ownership of the crowdfunding project.

### Strategy and roadmap

Now let’s focusing on the strategy of launching this campaign. The process mainly has four phrases, which are Pre-campaign preparation, Campaign preparation, Campaign test, and Launch the final push. During the whole process, for each phrase, there are mainly four parts of work to do, which are planning, strategy & analysis, contents preparing, and test & evaluation. Some of these works can be conducted simultaneously, as we are going to gradually modify and improve the campaign strategy and contents.

Here is the outline of the four phrases and a roadmap of the whole process.

* Phrase 1: Pre-campaign preparation
  + Make the product phototype
  + Choose the crowdfunding platform
  + Do the market research and make a financial report of costs
  + Analyze other competitors’ product
  + Set the target costumers
  + Set the funding goal
* Phrase 2: Campaign preparation
  + A pitch page, with text and images including product culture, spirit and story.
  + A pitch video (demo) including the use cases of the product
  + A marketing plans and competitors’ analysis
  + A financial forecast, business plan and one-page executive summary
  + Integrated social medias, create the accounts and put the content there.
  + Backup plan
* Phrase 3: Campaign test
  + Launch an internal campaign or a private campaign
  + Analyze the existing problems from the test
  + Improve the problems from the test
* Phrase 4: Launch the final push
  + Set all the things (duration, goal, bank account…) correct in the platform
  + Continuously promote the campaign in all kinds of social media
  + Close the campaign and collect the funds

日程表

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### Appendix:

**Reference links:**

[1] https://www.kickstarter.com/projects/sturcookware/stur-skillet-the-german-cast-iron-skillet-made-to-last?ref=section-design-tech-view-more-discovery-p1

[2] https://www.kickstarter.com/projects/peak-design/mobile-by-peak-design-phone-cases-mounts-chargers-magsafe?ref=section-design-tech-view-more-discovery-p3

[3] https://www.kickstarter.com/projects/moft/moft-float-invisible-and-foldable-standandcase-for-ipad-pro?ref=discovery\_category

[4] https://www.kickstarter.com/projects/reishlabs/reishlabs-axiom-the-power-bank-built-to-last?ref=discovery&term=Phone

[5] https://www.indiegogo.com/projects/olive-pro-2-in-1-hearing-aids-bluetooth-earbuds#/

[6] https://www.indiegogo.com/projects/ginjot-a-multifunctional-flexible-uv-cleaning-mop#/

[7] https://articles.bplans.com/why-my-crowdfunding-campaign-failed/

[8] https://www.floship.com/why-crowdfunding-campaigns-fail/