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Crowdfunding and its Applicability to Entrepreneurial Marketing

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Table of Abbreviations

- AMA – American Marketing Association
- BPMN 2.0 – Business Process Modeling 2.0
- CF - Crowdfunding
- EM – Entrepreneurial Marketing
- SME – Small and Medium-sized Enterprises

Abstract

Crowdfunding aims for the attention of the general public in order to fund a project through the support of numerous individuals. Therefore, it bears a marketing dimension that usually targets initial customers. The concept of entrepreneurial marketing targets the growth of entrepreneurial-oriented firms through conducting effective marketing methods which take constraints and challenges of start-up companies into consideration like the liability of newness and smallness. In this paper it is validated through a conceptual comparative analysis that crowdfunding can be applied to the concept of entrepreneurial marketing as it fulfills the three functions of entrepreneurial marketing and both crowdfunding and entrepreneurial marketing share common characteristics. As a consequence, this paper defines crowdfunding as an entrepreneurial marketing tool that can be used for information transfer, communication, feedback gathering, brand-building, product marketing and marketing research. Thus, this paper makes a contribution in filling the literature gap that exists in the crowdfunding/entrepreneurial marketing interface.

1 Introduction

In 2012, the first smartwatch producer – *Pebble* – raised more than US\$10 million within a month by using the crowdfunding platform *Kickstarter* to gain support from 85.000 potential customers. For the first time, prospective customers were directly involved in the development and funding process of the product before the final good was launched and were able to participate in an innovative and futuristic project. Moreover, *Pebble* was able to quickly create its first customer base and exceeded its sales target of 1.000 pieces 85-fold. This illustrates how crowdfunding provides a modern form of financial resourcing by using a very basic principle: Masses of individuals put together small amounts of money to generate huge sums for the support of their favorite project. More importantly, initiators are able to present their ideas and projects on crowdfunding platforms and test the demand on the general public in the internet.

The crowdfunding phenomenon is intensively discussed by scientists and economists since 2010. In this context, researchers describe crowdfunding as a funding alternative for start-up companies who are not sufficiently developed to apply for loans or venture capital (e.g., Moritz & Block, 2014, p. 58). Furthermore, it offers the additional advantages of generating public attention – as in the case of *Pebble* – and receiving feedback on both the offering and business model. Further effects of crowdfunding are networking, self-affirmation, a sense of achievement, the opportunity to test the product in the market and using the ‘wisdom of the crowd’¹ for product development. By employing a successful crowdfunding campaign, companies receive a ‘legitimation by the market’ and are able to enlarge their customer basis sustainably (cf. Moritz & Block, 2014, p. 68f.).

In the last decade, as crowdfunding aroused attraction, a new field of marketing and entrepreneurship sciences evolved, too. The discovery of the marketing/entrepreneurship interface – also known as ‘entrepreneurial marketing’ – has flourished since the first research symposium on the topic hosted by the American Marketing Association (AMA) in 1987 (cf. Lehman, Fillis, & Miles, 2014, p. 165; Gross, Carson, & Jones, 2014, p. 106). The concept of entrepreneurial marketing became attractive in research because politicians, practitioners and

¹ The ‘wisdom of the crowd’ refers to the basic principle that using the knowledge of masses is more beneficial for decision-making than the knowledge of a few individuals, which takes a central position in crowdsourcing in general (cf. Junge, 2013, p. 42).

scientists increasingly acknowledge the economic importance of innovative start-up companies. Simultaneously, a growing number of researchers assume that traditional marketing has already lost or will soon lose its impact because the traditional '4P-approach' would not be flexible enough to fit the requirements of fast-changing business environments (cf. Schulte & Eggers, 2010, p. 57). Marketing is particularly crucial for start-up companies as it is commonly considered as the base for survival, development and success of small or new ventures (cf. Kraus, Harms, & Fink, 2010, p. 23). As start-up companies face different challenges than established large companies (e.g., lack of resources), entrepreneurial marketing augments the theories of traditional marketing and places the entrepreneur in the central position (cf. Eggers, 2009, p. 1). Entrepreneurial marketing, therefore, is based on the decision-making of the entrepreneur and is practiced in a way different from textbook marketing which enables a more flexible and practice-oriented approach to meet the sophisticated needs of start-up companies.

Although, crowdfunding inevitably impacts marketing, the marketing dimension of crowdfunding has not been fully discovered. At the same time, as an emerging field of study, entrepreneurial marketing methods and tools are not yet defined. Additionally, both crowdfunding and entrepreneurial marketing demand creativity, innovation and proactivity and aim at the needs of start-up companies. Because crowdfunding and entrepreneurial marketing overlap in their purpose and their requirements, they should be used collaboratively. Nevertheless, there is a gap in literature about the interplay of crowdfunding and entrepreneurial marketing as both are relatively new to science. The investigation of the literature gap will help to understand the requirements of entrepreneurial marketing tools and the ability of using crowdfunding for marketing purposes.

1.1 Objective

The purpose of this paper is to contribute to the literature gap that occurs in the crowdfunding/entrepreneurial marketing interface. Both are topics that have been investigated separately but not yet in their relationship to each other. It is hypothesized that the marketing dimension of crowdfunding – i.e., the marketing effects occurring out of a crowdfunding campaign – is applicable to the concept of entrepreneurial marketing. This applicability will be defined as the fulfillment of Bruhn, Kollmann and Benkenstein's three functions of entrepreneurial marketing: reflection

function, catalysator function and communication function (cf. Freiling & Kollmann, 2008, p. 22ff.). The application of crowdfunding in entrepreneurial marketing will be tested by comparing characteristics of typical entrepreneurial marketing behavior with the crowdfunding concept provided by several scientists and the German crowdfunding platform *Startnext* which hosts the majority of German crowdfundings. Thus, this paper will argue that crowdfunding can be applied as a marketing tool in an entrepreneurial oriented firm as it fulfills all functions of entrepreneurial marketing and both share common characteristics.

1.2 Method of Investigation

To validate the hypothesis, this study will use a qualitative approach in reviewing new literature on entrepreneurial marketing and crowdfunding. This includes an initial explanation of the concept and scope of entrepreneurial marketing. Central to this is marketing theory as the differences between SME marketing, traditional marketing and entrepreneurial marketing will be highlighted. This paper will then move forward to explain general and promotional characteristics of entrepreneurial marketing behavior. The three functions of entrepreneurial marketing methods – reflection function, catalysator function and communication function – will be briefly described and then applied to the concept of crowdfunding. After the introduction of Web 2.0 and the role of crowdsourcing in entrepreneurial marketing, the four central types of crowdfunding will be defined in the third chapter in a conceptual comparative analysis. This will be followed by an explanation of the functions and roles of crowdfunding platforms that provide the infrastructure for crowdfunding efforts. A comparison of the three most successful platforms in Germany – *Kickstarter*, *Seedmatch* and *Startnext* – will lead to the development of the '*Startnext Crowdfunding Model*' inspired by the crowdfunding investment model by Tomczak and Brem (2013). The *Startnext Crowdfunding Model* will be helpful to visualize the *Startnext* crowdfunding process and to identify functions and characteristics within the process. The findings on both entrepreneurial marketing and crowdfunding will be re-assembled in the fourth chapter where the three functions of entrepreneurial marketing and the characteristics of entrepreneurial marketing behavior will be reviewed in the context of crowdfunding and its marketing dimension. Consequently, the paper will be concluded by summarizing the findings on the applicability of crowdfunding to the concept of entrepreneurial marketing and recommendations for further research in this particular area.

2 Definition of Entrepreneurial Marketing

Some researchers argue that entrepreneurial marketing (EM) describes marketing activities of small and new ventures, while others claim that EM can also describe marketing activities with an entrepreneurial mindset, 'irrespective of firm size and age' (Kraus, Harms, & Fink, 2010, p. 20). The potential and the scope of EM has not been fully discovered but there is consensus that the fields of origin – marketing and entrepreneurship – have many commonalities as 'both [...] are opportunity-driven, value creating processes and can be applied in a wide variety of contexts.' (Schulte & Eggers, 2010, p. 58). Moreover, both deal with a changing composition of environments rather than just stable environmental forces. In addition, the common core to both disciplines includes market opportunity analysis, new product development and the composition of innovation and marketing strategies to stimulate company growth.

As EM derives from the interface of both disciplines, the definition of EM is manifold like the definitions of both marketing and entrepreneurship. The AMA defined marketing recently as: '... the activity, set of institutions and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners and society in large.' (Hills et al., 2010, p. 5). However, other interpretations of marketing occur in literature and include individual marketing activities or marketing as a cultural orientation rather than an organizational function or process (cf. Kraus, Harms, & Fink, 2010, p. 22). Conversely, entrepreneurship is defined as the examination of 'how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited.'² (Hills et al., 2010, p. 5). Therefore, the core of entrepreneurship is comprised of opportunities, including the discovery, evaluation and exploitation of opportunities and the individuals – the entrepreneurs – who act on them. The EM concept derives from both of these fields and therefore reflects entrepreneurial behavior. Additionally, concepts such as change, innovations and opportunities are reoccurring in EM definitions (Hills & Hultman, 2011, p. 3). For example, Kraus, Harms and Fink combined the definition of marketing by the AMA and definitions of entrepreneurship and define EM as:

² In this context, Kirzner describes a (market) opportunity as a non-defined market need which can be satisfied through the combination of yet insufficiently used resources or skills (cf. Eggers, 2009, p. 56).

‘... an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled.’ (Kraus, Harms, & Fink, 2010, p. 26).

Although, this definition precisely describes EM practice, it does not cover the full scope of EM. Therefore, the most supported definition is constituted by Hills et al. (2010, p. 6)³:

‘EM is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships, especially by employing innovativeness, creativity, selling, market immersion, networking or flexibility.’⁴ (e.g., Bhatli, Eggers, & Gundolf, 2012, p. 423; Lehman, Fillis, & Miles, 2014, p. 165).

Accordingly, Kraus, Harms and Fink (2010, p. 22) identified two perspectives on EM. The first perspective defines EM as marketing for small or new ventures with an emphasis on the quantitative aspect of the company, while the second perspective highlights the qualitative aspect of EM by describing it as marketing with an entrepreneurial spirit (i.e., marketing conducted by entrepreneurs or entrepreneurial oriented firms). Furthermore, they argue that the two outlooks ‘might be two sides of the same coin’ (Kraus, Harms, & Fink, 2010, p. 22), because the qualitative characteristics (smallness and newness) favor marketing activities which are driven by an entrepreneurial spirit, characterized as innovative, risk-oriented and proactive. A summary of the findings describes EM as the marketing conducted by entrepreneurial firms which typically show commitment to innovation, risk-taking and proactivity and utilize strategies to adapt on the changing environment by acting autonomously and independent of the preferences of the market (cf. Morrish, 2011, p. 115).

This definition also implies that there is a distinction to traditional marketing⁵ and SME marketing as it is argued that not every business owner or manager is of possession of the entrepreneurial spirit. In comparison with traditional marketing Hills and Hultman (2011, p. 4) refer to Sarasvathy’s understanding of effectuation

³ In this paper, the definition by Hills et al. (2010, p. 6) will be used as it is most common in EM literature.

⁴ The term ‘spirit’ in this definition is chosen by Hills et al. (2010, p. 6) in order to symbolize that EM covers acquisition of resources of all kinds, i.e., particularly capital, rather than just focus on sales and distribution.

⁵ In this context ‘traditional marketing’ means the kotlerian marketing described in the classic textbook ‘Marketing Management’ by Kotler (Hills & Hultman, 2011, p. 4).

processes in contrast to causation processes: 'Causation processes take a particular effect as a given and focus on selecting between means to create the effect. Effectuation processes take a set of means as given and focus on selecting between possible effects that can be created with that set of means.'(Hills & Hultman, 2011, p. 4). In the context of EM this denotes that whereas the traditional way of starting a business includes identifying a market need, conducting market research, raising the required capital and resources and setting measurable goals in this particular order (causation processes), the entrepreneur begins with an idea and sets out to create the market and/or artifacts using a set of means available to her at a certain point of time (effectuation processes) (cf. Morrish, 2011, p. 11). Therefore, effectuation revolves around an unpredictable product or service at the start of the process, rather than 'doing' marketing with expecting a certain outcome. Moreover, EM is explicitly both customer- and entrepreneur-centric and not only customer-centric as taught in textbook marketing (cf. Lehman, Fillis, & Miles, 2014, p. 166ff.). It is consequently argued that traditional marketing concepts fail to narrow down the gap between theory and practice and therefore cannot adequately explain the marketing behavior of small firms (cf. Phua & Jones, 2010, p. 38). Additionally, Morrish and Deacon (2011, p. 116) refer to Morris, Schindehutte and LaForge's distinguishing of EM from traditional marketing by identifying seven core dimensions of EM: opportunity-driven, proactiveness, innovation-focused, customer intensity, risk management, resource leveraging, and value creation⁶.

These seven core dimensions also distinguish SME marketing and new venture marketing from EM as small and new firms are not necessarily entrepreneurial oriented. Although, EM derives from the understanding that small firm's marketing behavior is different than those of large firms, originating in different characteristics like the lack of monetary, infrastructural and human resources, lack of management expertise and a limited customer base, SME marketing does not fully explain the scope of EM as not every SME is conducting the core dimensions and is necessarily growth oriented⁷ (cf. Hills et al., 2010, p. 10). However, SMEs must be entrepreneurship-oriented in order to grow. This growth can be leveraged by EM

⁶ The seven core dimensions of EM will not be further examined here as it exceeds the scope of this paper but is relevant for further studies in the crowdfunding/entrepreneurial marketing interface. This paper focuses on the main characteristics of EM behavior and the three functions of EM provided by Bruhn, Kollmann and Benkenstein.

⁷ For example, a small venture does not necessarily pursue for innovation as it may imitate other ventures or is risk-averse rather than risk-taking.

because more important than an innovative product is the ability of exploiting the brands and identities in the marketplace in order to generate demand through the acquisition of new customers (cf. Morrish & Deacon, 2011, p. 115; Lehman, Fillis, & Miles, 2014, p. 177).

2.1 General Characteristics of Entrepreneurial Marketing

As previously stated, EM is to distinguish from SME marketing and traditional marketing. The implications of EM are not limited by the seven core dimensions or the size/age of the company. EM can rather be seen as an augmentation of SME and traditional marketing in consideration of a specific environment and resource composition. Hills and Hultman discovered several characteristics of EM by summarizing several empirical studies, including: exploitation of smaller market niches, marginal market power, lack of marketing resources such as expertise and capital, heavy focus on sales and promotion, lack of formal planning and entrepreneur-centrality, inherent risk of market exit and a role for passion, enthusiasm and commitment⁸ (cf. Hills et al., 2010, p. 10). In a later work, Hills et al. (2010, p. 12ff.) conducted telephone interviews with 752 small firm entrepreneurs with at least one and up to 249 employees in order to empirically characterize EM behavior. As a result, they found four main characteristics of entrepreneurial firms that will be described more precisely in the following passages.

a) Passion for Customers

EM scholars hypothesized that entrepreneurs are more intensely customer oriented than marketing conducted by 'conservative' firms which is proven by the study of Hills et al. (2010, p. 12). They furthermore add that: 'Adaptation and flexibility take on special importance in smaller enterprises, consistent with effectuation processes.' (Hills et al., 2010, p. 12). Thus, entrepreneurial firms are customer oriented in order to react quickly to environmental changes.

b) Market/Customer Immersion

Hills et al. (2010, p. 13) proved that 'customer observation' and 'experience' influence entrepreneurial decision making on marketing more significantly than systematic and formal approaches. They explain this with the closeness of entrepreneurs to the marketplace and the immediate exchange with customers. Phua and Jones (2010, p.

⁸ A full table of characteristics identified by Hills et al. can be found in the Appendix (p. 43).

37) support this argument by stating that the majority of new entrepreneurs do not formally engage in marketing research and formal business plans are uncommon in smaller firms. Despite this, 81% of the interviewees agreed that a marketing plan is an important business tool – even though this does not necessarily imply a written formal plan (cf. Hills et al., 2010, p. 14).

c) Networks and relationships

96% of the interviewed entrepreneurs invested in building long-term relationships with customers. More than two-third of the interviewees agreed that they rely on key friends and partners to help them develop and market their products and services and 72% stated that their marketing decisions were based on information collected within their personal and professional networks (cf. Hills et al., 2010, p. 13). Therefore, building networks and long-term relationships is in the center of the entrepreneurial firm.

d) Time Horizon

The data conducted by Hills et al. (2010, p.13) suggests that the overall objective of 85% of the interviewed entrepreneurs is business growth. Therefore, they invest highly in building long-term relationships with their customers rather than short-term success.

2.2 Promotional Characteristics of Entrepreneurial Marketing

In regard of entrepreneurial marketing practices, Kraus, Harms and Fink (2010, p. 26) argue that an entrepreneurial approach to marketing would be the proactive use of innovative communication channels (e.g., internet or mobile marketing) or the use of classical channels in innovative ways with modern content. Additionally, external resources such as word-of-mouth are preferred in entrepreneurial marketing strategies (cf. Kraus, Harms, & Fink, 2010, p. 26f.). Hills et al. (2010, p. 9) add that entrepreneurs favor interactive and personal marketing methods, such as word-of-mouth, over the traditional '4Ps', 'which focus more on short-term transactions rather than establishing long-term relationships with customers' (Hills et al., 2010, p. 9). Morrish and Deacon (2011, p. 114) also support the statement by Hills et al. and argue that this conceptualization suggests that EM is driven by a central individual with the passion and vision for the product – the entrepreneur. Kraus. Harms and Fink try to explain this characteristic behavior by saying that:

'EM pertaining to promotion is based on word-of-mouth communication and recommendation to develop a customer base. This approach may be more cost efficient than classical advertising. In addition, EM aims at target groups that are often not accessible via TV or print. It is grounded on the exponential diffusion of communication contents. Because the communication is distributed not by the company, but by the customers themselves, using their private or professional networks, the customers need to have a high involvement in the product in order to spread the message.' (Kraus, Harms, & Fink, 2010, p. 27).

According to Kraus, Harms and Fink, interactive and personal marketing methods are favored, because they are cost efficient on the one hand and more sustainable on the other hand but they request high customer involvement in return. As the best-known and most successful forms of EM in regard of promotion, they name guerrilla marketing, buzz marketing and viral marketing⁹ which are based on the word-of-mouth-marketing concept (cf. Kraus, Harms, & Fink, 2010, p. 27). Conversely, the use of mass media is generally avoided as most campaigns exceed the budgets of entrepreneurial firms while having limited effectiveness at targeting the niche markets typically served by these companies (cf. De, 2005, p. 115).

However, an examination of the characteristics of EM behavior can highlight the advantages of entrepreneurial firms, but can also identify disadvantages. Whereas the strength of EM lies in the quick reaction to customer needs because of the flexibility of the unstructured organization, it actually can hinder the efficient adoption, processing and transfer of information. But an effective information flow is important to increase the company's awareness and the awareness of its offerings to overcome the liability of newness¹⁰ and the liability of smallness¹¹ - two issues which start-up

⁹ Guerilla marketing aims at achieving wide-ranging results with an inconvenient low use of resources as it is meant to be surprising, efficient, rebellious, infectious and spectacular, thereby leading to a 'wow factor'. It aims for simplicity and stimulates a willingness of the recipient to distribute the message. The actions are often limited in scope and seldom repeatable. Buzz marketing attempts to stimulate the recipients through spectacular actions that much that the product becomes the subject of general discussion. Buzz marketing actions cause a ruckus and builds publicity and enthusiasm and, therefore, leads to brand building. Viral marketing takes place when customers voluntarily spread messages with the aim of acquiring new customers, mostly over the internet. The message can be distributed with low cost by the marketer to a large number of recipients, if successful and is, thus, described as the technology-backed version of buzz marketing (cf. Kraus, Harms, & Fink, 2010, pp. 27 ff.).

¹⁰ The liability of newness describes the lack of established relationships with business partners and a lack of routines in the firm which is displayed in a lack of trust in the products and the brand from the customer's perspective and a lack of expertise and experience in marketing from the internal perspective (cf. Kraus, Harms, & Fink, 2010, p. 24; Eggers, 2009, p. 87; Zimmermann, 2013, p. 47).

¹¹ The liability of smallness refers to limited financial and human resources, limited market power and a small customer base which consequently sum up in unsophisticated marketing performance, a strong tie to the entrepreneur and the execution of marketing activities with limited resources (cf. Kraus, Harms, & Fink, 2010, p. 24; Eggers, 2009, p. 87).

companies often face. Both liabilities cause uncertainties which are perceived by customers and other market partners as well as by the entrepreneur himself but can be resolved through company growth (Schulte & Eggers, 2010, p. 60ff.). Thus, EM activities should aim at company growth and information transfer in order to overcome uncertainties in consideration of the given resources.

2.3 Functions of Entrepreneurial Marketing

Because entrepreneurial firms often face uncertainties, operate in a fast changing environment and are resource-constrained, the applied marketing activities should preferably support company growth under fierce circumstances. According to this challenge, Freiling and Kollmann(2008, p. 22ff.) cite to Bruhn, Kollmann and Benkenstein's three functions of EM¹² that address both internal and external goals of entrepreneurial firms:

a) Reflection Function

EM should enable the reflection on the product or service, its market acceptance and its true benefit for the customer. Second, EM should enable the reflection on both the technical realization and the economic benefit of the product or service for the company. Therefore, Freiling and Kollmann (2008, p. 23) see the need for the internal reflection and the external reflection, e.g., by presenting the product or service to potential customers. As an explanation they state '... finally the acceptance [of the product or service], which can be proven through external reflection, decides on the success of the product [or service]' (Freiling & Kollmann, 2008, p. 23). This implicates that an EM tool or method should be able to contribute to external and internal reflection on the offering.

b) Catalysator Function

The catalysator function describes the adaptation of the product or service to the requirements of the market, competition and customers. This is a repetitive process of external and internal review followed by the adjustment of the offering to ensure that the product or service delivers benefits to the customers who are willing to pay for it (cf. Freiling & Kollmann, 2008, p. 23).

¹² Bruhn, Kollmann and Benkenstein developed the three functions of EM by reacting on the challenges of the launch of a new product by a new venture. Thus, the functions rather reflect the challenges and chances of start-up companies than those of large firms (cf. Freiling & Kollmann, 2008, p. 20f.).

c) Communication Function

Initial communication underlies the duty of acquainting the company and its product or service with the public and to reduce external uncertainty¹³ (cf. Eggers, 2009, p. 174). This communication should be multidirectional and include exchanges with both customers and business partners. The multidirectional communication allows the collection of external feedback which can in turn help the development of the entrepreneurial firm (cf. Freiling & Kollmann, 2008, p. 23). Eggers (2009, p. 191) mentions in this context that building trustworthy relationships or reputation is one of the most critical challenges because long-term relationships are desired but mostly very difficult to generate in short-term. Thus, communication takes a central role in EM and is also the key to sustainable brand-building. Additionally, initial communication helps to manage expectations of customers (e.g., by actually exceeding the promised benefit or minimizing unrealistic expectations) and transport specific information on the product or service as 'better information transfer leads to better success' (Schulte & Eggers, 2010, p. 70). Therefore, efficient and successful information transfer is crucial to overcoming external uncertainty as it enables leading customers rather than following customers. Moreover, the use of online marketing and viral marketing is preferred to increase reach and credibility as information transfer relies heavily on personal and direct customer encounters which is more efficient through the use of Web 2.0 (cf. Freiling & Kollmann, 2008, p. 23; Schulte & Eggers, 2010, p. 70).

Summarizing the three functions by Freiling and Kollmann (2008, p. 22ff.), an EM tool or method should enable internal and external reflection. It should provide a source of feedback for product adjustments and should be a platform for information transport through multidirectional communication and long-term relationship building. As literature recommends, Web 2.0 can be used to fulfill these requirements (cf. Freiling & Kollmann, 2008, p. 24; De, 2005, p. 115; Ries, 2010, p. 127; Eggers, 2009, p. 182; Jones B. , 2010, p. 143). The tools of Web 2.0 are used by entrepreneurs to distribute, promote and brand business offerings, communicate with the public and stakeholders, for marketing research and crowdsourcing reasons in order to create customer interest, add value and grow their business (cf. Jones B. , 2010, p. 145f.).

¹³ The term 'external uncertainty' describes the purchasing risk perceived by external stakeholders like customers and business partners, whereas 'internal uncertainty' describes the business process and market risk perceived by the entrepreneur and employees (cf. Schulte & Eggers, 2010, p. 60).

More specifically, 'the development and use of crowdsourcing means that small business needs can be better integrated with consumers' ideas, and solutions to problems can potentially be more easily found.' (Jones B. , 2010, p. 149). This quote by Brian Jones implies that crowdfunding – as a part of crowdsourcing – bears high potential for EM that has not been examined yet. To better understand this quote, the concept of crowdfunding and its benefits for EM will be discussed in the upcoming chapter.

3 Definition of Crowdfunding

The term 'crowdfunding' (CF) was introduced in the United States when *Artistshare* launched in the year 2000 which was soon copied by the platform *Sellaband* in 2006 for the European market. The German CF market started evolving in 2007 when *Sellaband* was followed by the peer-to-peer loan marketplace *smava* and the donations platform *betterplace.org*. In 2010, numerous platforms like *inkubato*, *mySherpas*, *pling*, *VisionBakery* and *Startnext* followed the idea of CF and applied it to creative markets like design, events, film, photography, journalism, art, music, fashion and theatre. Later in 2011, CF became popular for funding start-up companies in Germany with the launch of the platforms *Seedmatch* and *Innovestment* (cf. Schmiedgen, 2014, p. 24f.). Today, more than one hundred platforms exist worldwide to cater to different types of projects.

Although there are several descriptions of CF, there is no universally accepted definition. Before defining the word, one must consider the root word, which is 'crowdsourcing'. Jeff Howe coined the term in an article on *Wired magazine* and defined it as: '... the act of taking a job traditionally performed by a designated agent (usually an employee) and outsourcing it to an undefined, generally large group of people in the form of an 'open call'' (Tomczak & Brem, 2013, p. 338). The word 'crowdsourcing' combines two words: 'crowd' which describes an undefined mass of individuals¹⁴ and 'outsourcing' which is the delegation of individual tasks within a company to an external partner. Therefore, crowdsourcing describes the delegation of several tasks to a larger undefined mass of individuals, for example when a magazine asks its readers or the general public to compose creative articles for free

¹⁴ According to Geiger, a 'crowd' is theoretically an unlimited number of internally homogenous units which are not distinguished as individuals because of their homogeneity. Phenomenons that occur out of this 'crowd' are mainly collective behavioral patterns like e.g., fashion trends, mass protests and hypes (cf. Junge 2013, pp. 13f.).

via an open call in the internet (cf. Moritz & Block, 2014, p. 59f.). Thus, CF is a part of crowdsourcing and bases on the idea of externally funding projects by the general public. It is associated with the application of the crowdsourcing concept on micro lending which describes the financing of projects by socially or economically deprived individuals with small amounts of money by many investors (Richter, Seidler-de Alwis, & Jötten, 2014, p. 9). As there is usually an intermediary involved, CF is often defined as: ‘... the act of acquiring third-party financing from the general public via an intermediary, generally in the form of a web-based platform’ (e.g., Brem & Wassong, 2014, p. 32; Tomczak & Brem, 2013, p. 339). Usually, the process is temporarily limited and bases on the ‘all-or-nothing-principle’: The previously fixed amount of desired money (‘funding limit’) has to be collected within a limited timespan (‘funding period’). If this is not the case, all supporters receive their money back and the project is declared as unsuccessful. But other payout modes like the ‘keep-it-all-principle’¹⁵ exist as well (cf. Schmiedgen, 2014, p. 124).

3.1 Definition of Selected Crowdfunding Types

Since there exist more than one hundred CF platforms worldwide with different focuses and regulations, different types of crowdfunding evolved in time that differ mainly on the type of rewards which participants receive for their support and the status of the money recipients (cf. Mausbach & Simmert, 2014, p. 298). The Crowdfunding Study 2013/2014 differentiates between four types of CF: lending-based crowdfunding, donation-based crowdfunding, equity-based crowdfunding and reward-based crowdfunding (cf. Blohm et al., 2013, p. 5 ff.). In the following, these four types of CF will be briefly described.

3.1.1 Lending-based Crowdfunding (Crowdlending)¹⁶

Crowdlending is the basic form of private micro lending from the crowd. That means, individuals lend their private money via an internet platform to initiators of their project of choice (cf. Mausbach & Simmert, 2014 p. 298). In return, they receive their invested capital in installments or on total within a defined tenure. This loan can be

¹⁵ The keep-it-all-principle is the counterpart to the all-or-nothing principle and essentially enables the project initiators to keep all of the funding total although the funding target is not met. The all-or-nothing-principle is mostly supported by hedonistic oriented platforms like *Startnext* and *Kickstarter* while the keep-it-all-principle is usually used for donative crowdfunding by altruistically motivated crowdfunding platforms (cf. Blohm et al., 2013, p. 15).

¹⁶ The terms ‘lending-based crowdfunding’ and ‘crowdlending’ are used as synonyms as like as ‘donation-based crowdfunding’ and ‘crowddonation’ and ‘equity-based crowdfunding’ and ‘crowdinvestment’.

provided either interest free – in order to support the idea behind the project – or the investor can expect a fixed interest payment on the loan. In consequence, the investor shares the credit default risk together with all the other investors and expects a monetary return from her investment. Furthermore, to minimize the credit default risk of investors and to secure trust, the platforms usually check the identity of the initiator and her previous debts in order to derive a financial rating of the project. The advantage for companies is that it is easier to promote their business on one platform to numerous investors rather than applying at numerous institutions for a fix amount of funding. The most famous crowdlending-platforms are *smava*, *eLolly* and *auxmoney* (cf. Schmiedgen, 2014, p. 130).

3.1.2 Equity-based Crowdfunding (Crowdinvesting)

The equity-based crowdfunding model or ‘crowdinvesting’ describes the assignment of company shares to the crowd intermediated by an internet platform instead of financial institutions (cf. Moritz & Block, 2014, p. 62). Therefore, crowdinvesting allows individuals to purchase shares of start-up companies with smaller amounts of investment (e.g., starting from 250€ total investments) than on traditional capital markets where large sums are needed for participating. Those investments serve as equity in the invested company and, therefore, promise a monetary return for the investor based on the company’s future profit and performance. More simply, if the company value increases in the course of time, the market price of the share increases as well which multiplies the investor’s capital (cf. Schmiedgen, 2014, p. 126). Additionally, the investors have a share on the profits of the company and also on the exit value in case of a buyout (cf. Mausbach & Simmert, 2014, p. 298). Conversely, there exists the risk of bankruptcy of the start-up company and consequently the complete loss of the invested capital. In consequence, the acquisition of shares binds the investor on a long-term basis on the start-up company, usually from three up to eight years. During this period the investor stays in direct contact with the founders via a platform-integrated investor relations area and commonly is deeply interested in the success of the start-up as it is for her own monetary benefit. Thus, in equity-based crowdfunding the potential long-term performance of business models are more important for investors than the short-term implications of the project which differentiates crowdinvesting from crowddonating and reward-based crowdfunding (cf. Schmiedgen, 2014, p. 126). Moreover, Tomczak and Brem (2013, p. 352) name the patronage plus model as a form of equity based

reward for artists and musicians. In the patronage plus model, the initiator rewards the investors with a royalty on future sales of her work. The advantage of this model is that the financial success of the venture is directly correlated with the evangelism of financial backers and vice versa. The idea is that investors are more likely to advertise the project in general public when they benefit financially on the project's general success as '... fans become literally invested in the success of the artist or the product' (Tomczak & Brem, 2013, p. 352).

3.1.3 Donation-based Crowdfunding (Crowddonation)

Crowddonation takes place when the investor expects no tangible return at all from her investment and, therefore, it is mostly used for charity projects such as development aid or for 'funfunding'¹⁷ of artists and musicians (cf. Stürner, 2014, p. 70). In this case, the investor becomes the donor who is generally motivated by doing good such as supporting charity institutions and projects in fields of education, nutrition, healthcare, infrastructure, human rights and environment protection (cf. Schmiedgen, 2014, p. 127). This type of CF differentiates from the traditional way of donating by using an internet-platform, such as *betterplace.org*, as intermediary (cf. Moritz & Block, 2014, p. 61). Moreover, the platforms offer project initiators enough space to promote their ideas and – in contrast to traditional donations – enables direct communication with donors next to standardised money transaction facilities (cf. Schmiedgen, 2014, p. 127). Nevertheless, the goal is the same: collecting small amounts of money from a huge number of individuals for funding a certain project. Although the donors receive no tangible rewards, acknowledgements and positive references are not excluded as possible intangible rewards. Therefore, crowddonating can overlap with reward-based crowdfunding models (cf. Moritz & Block, 2014, p. 61).

3.1.4 Reward-based Crowdfunding

When the investor expects a non-monetary reward for her investment, then it is the word of reward-based crowdfunding (cf. Mausbach & Simmert, 2014, p. 298). Rewarding models offer small incentives for the contribution of investors in form of goodies, sponsorships or pre-purchase of products (cf. Stürner, 2014, p. 70;

¹⁷ 'Funfunding' describes the funding of projects for fun, e.g., the funding of a potato salad which collected more than US\$55.000 on Kickstarter.
URL: <https://www.kickstarter.com/projects/324283889/potato-salad> (as of 04/12/2015) (cf. Appendix, p. 44).

Schmiedgen, 2014, p.128). It can be defined as crowdsponsoring on the one hand and pre-purchase models on the other hand. Moreover, there exist numerous forms of patronage styles in between crowdsponsoring and pre-purchase models.

Crowdsponsoring usually takes place when the investor expects a non-tangible reward in return for their payment, e.g., in form of printing the sponsor's name or logo on the cover of a magazine as possible for journalistic projects (cf. Moritz & Block, 2014, p. 61). The sponsors are usually companies which expect to enrich their individual marketing targets by sponsoring start-up projects and thus, in contrast to crowdlending, the sponsors are mainly motivated by their own economic benefit from the project (cf. Junge, 2013, p. 24).

In the pre-purchase or pre-order model the investor pre-funds an as-of-yet unproduced product. In consequence, the investment accounts as a pre-order of the product which the initiator is still developing or is just about to finish (cf. Tomczak & Brem, 2013, p. 351). Usually, the date of the market launch is not yet defined and Stürner (2014, p. 70) argues that the product price of the pre-order exceeds the market price because the pre-order revenue is used for product development. But according to Tomczak and Brem (2013, p. 351): 'The price of the investment is lower than the price the product will sell to the general public once produced [...]', which is proven by the CF campaign of the *Ouya* game console which rose more than US\$2.3 million within its first 24 hours where the initiators offered a pre-purchase of the product in exchange for US\$99 or more. In this system, the investor is one of the first to receive the product depending on her individual price perception and product needs while the stage of development defines the pricing.

Patronage style rewards can be described as compensations for investments in the form of goodies or gifts associated with the fundraiser. When project contributions are neither accounted as sponsoring nor as a pre-purchase, they are effectively donations. Therefore, the most current CF platforms allow initiators to reward funders with small 'thank you gifts' that are referred to as patronage perks. Those perks include signed t-shirts, a meeting with the initiators or autographed copies of the work (cf. Tomczak & Brem, 2013, p. 350f.). Those gifts usually stay in no relation with the investment but enable the initiators to show appreciation for the supporter's financial help (cf. Stürner, 2014, p. 70; Tomczak & Brem, 2013, p. 351).

3.2 Role and Function of Crowdfunding Platforms

According to Tomczak and Brem (2013, p. 339), 'there are three roles to fulfill in any crowdfunding effort'. First, there are the fundraisers, the actual project initiators and entrepreneurs who use CF to gather financial support from interested supporters and to get direct access to the market. Then, there are the supporters, investors who decide to financially support the projects, expecting a reward or return and bearing the risk of the investment, also known as 'the crowd'. Finally, there is the intermediary, a web-based platform which takes the role of a matchmaker between fundraisers and supporters (cf. Tomczak & Brem, 2013, p. 339). However, an intermediary is not necessarily needed because any CF effort can also be undertaken directly when the project initiator makes a direct appeal to a specific audience via an own platform, e.g., on the initiator's own website or via mailings to potential supporters (cf. Moritz & Block, 2014, p. 62). But it must be mentioned that direct CF requires an established large enough crowd to raise funds from to be successful, e.g., a specific fanbase like the *Stromberg series* had when the producers funded the *Stromberg movie*¹⁸ via direct CF. Therefore, indirect CF can be advantageous if the fanbase does not exist yet. It can be described as a 'general appeal for funding to the unknown general public or "the crowd"' (cf. Tomczak & Brem, 2013, p. 342), usually via an intermediary - the CF platform. The purpose of an intermediary is to secure a standardized CF procedure and capital transaction for the project initiators. Moreover, the platforms serve as a portal for requiring information, communication and clearance for interested supporters. Thus, CF platforms enable reduction of transaction costs and information asymmetry (cf. Moritz & Block, 2014, p. 62). According to the Crowdfunding Study 2013/2014 (2014, p. 14ff.) platforms can be classified into three clusters depending on the project categories and the investor's motives for participation. Platforms in the 'hedonism' cluster focus on innovative and creative projects and mainly specialize on reward-based-crowdfunding like *Kickstarter* and *Startnext*, whereas platforms in the 'altruism' cluster give supporters the opportunity of participating in social projects by donating. The cluster 'profit orientation' comprises platforms that promise supporters a financial return on investment like *Seedmatch*. To better understand the differences between CF platforms, three platforms will be introduced in the upcoming chapter.

¹⁸ The cinema movie 'Stromberg-Der Film' funded more than €1 million within a week through direct crowdfunding on the producer's website and offered a royalty on cinema sales to its investors in return (cf. Meinshausen, Schiereck, & Wettermann, 2012, p. 69).

3.3 Selected Crowdfunding Platforms

In the past years, numerous CF platforms were established and evolved over the course of time. Usually, they differ on their business models, their rewarding systems and their specialization on certain industries and geographical regions. But the quantity of CF platforms disables a clear differentiation between successful platforms which mostly combine different types of CF and industries on one stage (cf. Moritz & Block, 2014, p. 77; Mausbach & Simmert, 2014, p. 298f.). Therefore, in this section the three most successful and prominent CF platforms in Germany – *Kickstarter*, *Startnext* and *Seedmatch* – will be described in short.

3.3.1 Kickstarter

Kickstarter was founded in 2009 in New York as a CF platform for all kinds of creative projects (cf. Junge, 2013, p. 40). The platform only supports projects with a fixed funding limit and a fixed funding period as reward-based crowdfunding. That means, open-end projects are not supported. The project has to fit in one of the following categories: art, comics, crafts, dance, design, fashion, film and video, food, games, journalism, music, photography, publishing, technology and theater¹⁹. Charity projects or ‘fund-my-life-projects’ are intentionally excluded. Moreover, in order to close a successful CF campaign, the initiators must reach or exceed their funding limit as the platform applies the all-or-nothing-principle. According to *Kickstarter*, the funding limit minimizes failure risk and motivates the project initiators to meet the limit (cf. Junge, 2013, p. 40). Any project can be funded on the platform, as long as it follows the above mentioned rules and the project does not involve any legally prohibited items²⁰. The platform offers space for introducing the project, guidance throughout the CF process, a communication and statistics dashboard and a smartphone application as well as its intermediary services. In return it charges 5% of the project’s funding sum as fee if the funding is successfully closed. If the project fails there are no fees charged²¹. According to the *Kickstarter* statistics, more than 8 million supporters have pledged more than US\$1.4 billion to 82.509 successfully funded projects contributing to a success rate²² of 38.47% since its founding in 2009²³.

¹⁹ URL: <https://www.kickstarter.com/learn?ref=nav> (as of 04/12/2015) (cf. Appendix, p. 44).

²⁰ URL: <https://www.kickstarter.com/rules> (as of 04/12/2015) (cf. Appendix, p. 45).

²¹ URL: <https://www.kickstarter.com/learn?ref=nav> (as of 04/12/2015) (cf. Appendix, p. 46).

²² The success rate is calculated by dividing the number of successfully funded projects by the number of all projects that have reached their deadline (including successful, unsuccessful, canceled and

3.3.2 Startnext

It could be said that *Startnext* is the German equivalent to *Kickstarter*. It was founded in 2010 in Dresden in order to fund creative projects in Germany and Austria (cf. Junge, 2013, p. 54). *Startnext* also supports the all-or-nothing-principle and allows only fixed funding targets and periods as like as *Kickstarter*. Charity and 'fund-my-life' projects are also excluded (cf. Harzer, 2013, p. 60f.). Unlike *Kickstarter*, *Startnext* divides the CF process into four phases. In the 'starting phase', the project has to be tested on the crowd by acquiring a given number of fans within a maximum of 30 days depending on the pursued funding target in order to start the actual funding process. If the required number of potential supporters is not acquired within the timespan the CF process is declared as unsuccessful before the funding phase actually starts (cf. Junge, 2013, p. 54f.)²⁴. Moreover, the project has to fit in one of the following categories: art, comics, community, design, inventions, event, film/video, food, photography, games, audio books, journalism, literature, cultural education, fashion, music, social business, technology and theater²⁵. As like as *Kickstarter*, *Startnext* offers a project website including a statistics and communications dashboard and a smartphone application as well as its intermediary services but does not charge any fees for its regular services. The platform only forwards 4% on the funding sum as transaction costs to its external transaction providers if the project is successfully funded. Instead of charging fees, *Startnext* rather enables the project initiators to voluntarily donate a share of the funding total to the platform (cf. Harzer, 2013, p. 62f.). Up to the 1st quarter of 2014, *Startnext* was responsible for the intermediation of 85% of all CFs in the German speaking area at a success rate of approximately 62%. Moreover, more than €16 million of funding have been raised by more than 100.000 supporters since it was founded²⁶.

3.3.3 Seedmatch

In contrast to *Kickstarter* and *Startnext*, the CF platform *Seedmatch* focuses on equity-based crowdfunding since it was established in 2011. It is the market leader of crowdinvesting platforms in Germany and enables investors to support start-up companies with a minimum amount of €250 per investment. The role of *Seedmatch*

suspended projects), URL: <https://www.kickstarter.com/help/stats?ref=footer> (as of 04/12/2015) (cf. Appendix, p. 46).

²³ URL: <https://www.kickstarter.com/help/stats?ref=footer> (as of 04/12/15) (cf. Appendix, p. 47).

²⁴ For further insights, the phases will be explained in depth in the upcoming chapter.

²⁵ URL: <https://www.startnext.de/hilfe/guidelines.html> (as of 04/12/15) (cf. Appendix, p. 47).

²⁶ URL: <https://www.startnext.com/ueber/statistiken.html> (as of 04/12/15) (cf. Appendix, p. 48).

is to provide a platform for the presentation of growing ventures and to intermediate an investment contract that binds the investor for five years to the start-up company in the form of a profit-participating subordinate loan²⁷ without emitting any voting rights to the investors. In return, the investors receive a small basis interest payment on the investment and a bonus interest payment which is dependent on the company's profit. The investors also receive a share of the exit sum in case of the company's liquidation (cf. Orthwein, 2014, p. 30). Although, *Seedmatch* also supports the all-or-nothing-principle – unlike *Kickstarter* and *Startnext* – it does an internal pre-evaluation of the business models. That means start-up companies must apply for a profile on the platform by introducing their existing company via a 'Pitch Deck' which is simply a presentation of the company and its business model²⁸. Furthermore, the platform has certain requirements on the project such as innovation ability and the ability of arousing enthusiasm for the company vision. A proof-of-concept is required as well as a trend that is addressed by the start-up and a minimum funding target of €100.000. Additional criterias include a competent founder team, scalability of the business model, a maximum company age of three years, a company website and the headquarter has to be located in Germany with a legal form of either UG or GmbH. If these criterias are met, *Seedmatch* internally evaluates the business model and decides whether to support the project. For its services, *Seedmatch* charges a fee between 5% and 10% of the funding total plus transaction costs, only if the funding is successful. Even though *Seedmatch* has high standards on the evaluation of start-ups, once the venture is promoted on the platform, very high success rates can be expected. The platform intermediated approximately €23 million to 78 projects at a success rate of 95% as of April 12th, 2015. This is despite the fact that the platform accounts for approximately 38.000 users, which is only one-third of the users on *Startnext*²⁹. Therefore – in regard to funding totals – it is by far the most successful CF platform in Germany but only for start-up companies that meet its

²⁷ Equity investments that exceed a funding target of €100.000 are regulated by the German investment law (VermAnlG) and underlie the securities prospectus requirement for capital investments. Therefore, *Seedmatch* provides contracts with profit-participating subordinate loans ('partiarisches Nachrangdarlehen') in order to avoid the securities prospectus requirement (cf. Stürner, 2014, p. 72).

²⁸ The crowdfunding platform *Seedmatch* makes a pre-evaluation of the potential crowdfunding success depending on the 'Pitch Deck'. The Pitch Deck is a short presentation of the business plan or idea and the desired crowdfunding project within ten slides that shall convince the platform to support the crowdfunding effort on *Seedmatch* (URL: <https://www.seedmatch.de/fuer-gruender#prozess>) (as of 04/12/2015) (cf. Appendix, p. 53).

²⁹ URL: <https://www.seedmatch.de/fuer-gruender> (as of 04/12/2015) (cf. Appendix, p. 53).

sophisticated criterias. However, *Startnext* is by far the most successful platform in Germany in terms of the number of supporters and is ultimately the most attractive for public support. This is why this paper will further develop the *Startnext Crowdfunding Model* in the following chapter.

3.4 Development of the Startnext Crowdfunding Model

In their article ‘A conceptualized investment model of crowdfunding’, Tomczak and Brem (2013) provide a general model of the direct CF process illustrated with *Business Process Modelling Notations 2.0* (BPMN 2.0)³⁰. Since most of the CF projects are accomplished with the help of an intermediary and CF platforms provide a broad expertise in public fundraising, it is common to promote the CF effort on a well-known platform. Therefore, this chapter will explain the indirect CF process using the example of the *Startnext* CF process³¹. As discussed before, the CF platform *Startnext* divides its crowdfunding process into four phases which begin with the preparation phase and end with the post-funding phase. The pre-preparation phase is rather a general recommendation for any CF effort and should be applied before starting a CF campaign and therefore is not explicitly mentioned in the *Startnext* process itself. Despite that, the purpose of the detailed process reflection is to identify steps in which EM actions take place. The process traditionally begins with a START terminal and finishes with an END terminal. Activities are represented by rectangles with short sentences describing the actual activity. Furthermore, the direction flow or relationship between rectangles is illustrated by the lines with arrows (cf. Tomczak & Brem, 2013, p. 341f.).

3.4.1 The Pre-Preparation Phase

The pre-preparation phase underlies the fact that there should be a reflection step before any CF effort is undertaken (cf. Junge, 2013, p. 54). Accordingly, *Startnext* mentions in its handbook for starters:

‘Bevor du dein erstes Crowdfunding-Projekt startest, schau dir erfolgreiche Kampagnen an und unterstütze selbst ein Projekt. Das ist der beste Weg, um Inspiration für das eigene Projekt zu bekommen und um Crowdfunding aus Sicht eines Unterstützers kennenzulernen.’³²

³⁰ *Business Process Modelling Notations 2.0* is a graphical approach for visualizing specific business processes in the form of advanced flowcharts (cf. Rospocher, Ghidini, & Serafini, 2014, p. 133).

³¹ This model exclusively illustrates the crowdfunding process on the platform *Startnext* as processes on other platforms may differ.

³² URL: <https://www.startnext.de/hilfe/handbuch.html> (as of 04/12/15) (cf. Appendix, p. 48).

This recommendation involves two significant steps that should be taken into consideration before starting with the preparation phase: gathering information on CF in general and learning from successful projects in order to increase the chances for success. This step involves extensive decision-making and strategic components

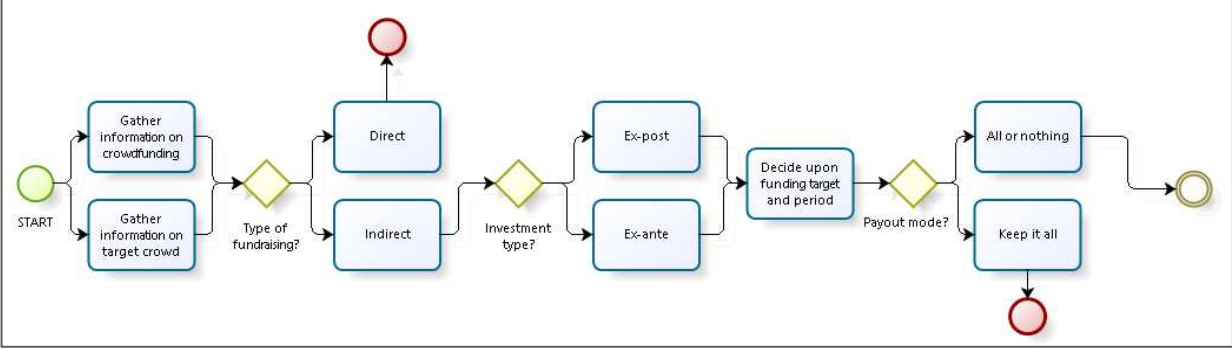


Figure 1: Startnext Crowdfunding Model, Pre-Preparation Phase Part 1 (Tomczak & Brem, 2013, pp. 343ff.; own adjustments).

rather than compulsory requirements and is not platform-bound. In this paper it will be called the pre-preparation phase to make a distinction to the absolute preparation phase that will follow.

This process should start with knowledge-building on CF in general. Although, the homepage of *Startnext* and other platforms provide information on the process and compulsory requirements, it is recommended that initiators search for further information to build a general knowledge on the numerous CF types as well as on the target crowd that shall be addressed. Furthermore, it has to be decided upon the desired type of fundraising, i.e., either direct or indirect (cf. Tomczak & Brem, 2013, p. 343). The diamond shapes in figure 1 marks this exclusive decision. Because this paper is focusing on the indirect CF type provided by *Startnext*, it will continue to follow the indirect branch. The next decision is the investment type. CF can either be ex-post or ex-ante, where ex-post crowdfunding describes CF in order to market an already developed and completed product and ex-ante crowdfunding takes place when the funded money will be used to develop a yet non-existing product (cf. Tomczak & Brem, 2013, p. 344). This should be accompanied by reflection upon the required funding target and period which should derive from the projects financial planning and the probability of success, i.e., the desired funding target should have a high probability to be reached depending on the estimated number of supporters and the project calculation. Furthermore, the initiators must decide upon the payout mode

which is described by either the all-or-nothing-principle or the keep-it-all-principle³³ (cf. Blohm et al., 2013, p. 15). Consequently, the CF type must be chosen and subsequently the rewards that can be offered. In contrast to other CF types, in crowddonation it is assumed that the donator receives an intrinsic value for her support as a reward. The rewarding models have not to be exclusive as most platforms like *Startnext* enable the initiators to set up donative elements as well as reward-based elements (cf. Tomczak & Brem, 2013, p. 354). Finally, these decisions must be used to determine the platform of choice. It is recommended to choose the platform that supports all the desired specifics from previous decisions. This paper will continue following the *Startnext* platform in order to reflect the aforementioned CF process. But before continuing with the preparation-phase it is recommended to prepare a communications and marketing strategy³⁴ based on the target group that shall be convinced by the CF project. Throughout the decision making process, it is advantageous to reflect upon knowledge about the target crowd and determinants of successful CF campaigns. When the decision making process results in a clear

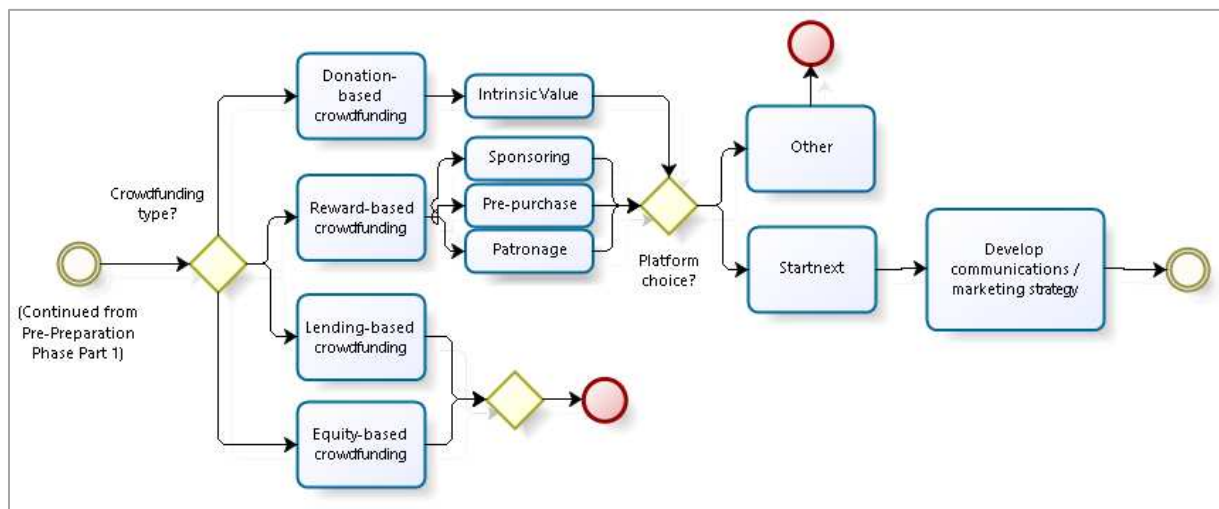


Figure 2: Startnext Crowdfunding Model, Pre-Preparation Phase Part 2 (Tomczak & Brem, 2013, pp. 343ff.; own adjustments).

vision of the CF campaign, it can be continued with the preparation phase and the implementation of the CF strategy.

³³ There exist several more types of payout modes for equity-based crowdfunding like 'club membership' or 'holding', but since most of the common platforms use the 'all-or-nothing' or 'keep-it-all-principle', other forms are intentionally excluded from the model (cf. Tomczak & Brem, 2013, p. 347).

³⁴ The marketing strategy should contain reflections upon correct addressing of the target crowd in the 'pitch video' and the project description as well as the involvement of social and traditional media (cf. Harzer, 2013, p. 60ff.).

3.4.2 The Preparation-Phase

During the preparation phase, the project initiators prepare their CF profile (cf. Harzer, 2013, p. 60). Therefore, the *Startnext* homepage offers information and advice on the optimal funding target and period, the ideal communications strategy and recommends ‘thank you gifts’ in preparation of the CF³⁵ (cf. Junge, 2013, p. 54).

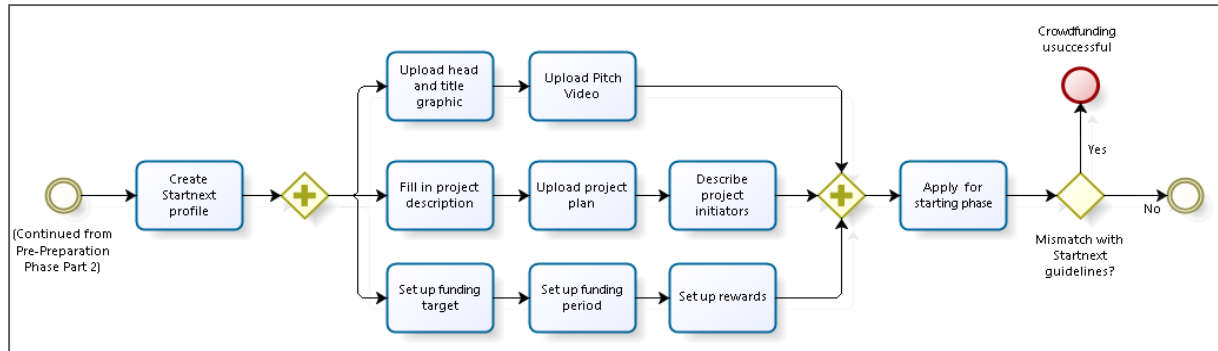


Figure 3: Startnext Crowdfunding Model, Preparation Phase (own illustration).

At this time, the project initiators make a draft of their CF profile on *Startnext* which cannot be seen publicly. In this phase, the content of the profile – including pictures and the ‘pitch video’ – can be formed, edited and discussed. The head and title graphics, the rewards, the profile pictures and the background information of the project initiators are added to the profile, as well as the project description and project plan. Moreover, it has to be decided upon the desired funding target and funding period. Only if the profile is completely filled and all questions on the project are answered, the initiators can apply for progression to the next phase – the starting phase – which is illustrated by the diamond shapes with the addition symbol in figure 3 (cf. Junge, 2013, p. 54; Harzer, 2013, p. 60). In response to the application for the starting phase, *Startnext* briefly screens the profile for any mismatches with the company guidelines. If the project fits the guidelines, the starting phase begins, if not, the CF is declared as unsuccessful and the process ends³⁶.

3.4.3 The Starting Phase

In the starting phase, the actual crowdsourcing process begins. According to *Startnext*, the target of this phase is to acquire a certain number of fans within 30 days in order to start the funding phase³⁷. At this point, the initiators have the opportunity to receive feedback from friends and families in order to optimize and edit

³⁵ URL: <https://www.startnext.de/hilfe/handbuch.html> (as of 04/12/15) (cf. Appendix, p. 49f.).

³⁶ URL: <https://www.startnext.de/hilfe/handbuch.html> (as of 04/12/15) (cf. Appendix, p. 52).

³⁷ URL: <https://www.startnext.de/hilfe/handbuch.html> (as of 04/12/15) (cf. Appendix, p. 51).

the project presentation on the web profile. The project initiator’s duty is to simultaneously acquire enough supporters for entering the actual funding phase. Thus, the project has to go public, usually by inviting friends and family first, followed by further acquaintances and multiplicators to support the project (cf. Junge, 2013, p. 54f.). The official number of required fans is determined by the funding target, ranging in between 10 fans for a funding of less or equal €500 and 100 fans for a funding target of more than €7501. This way, the project initiators have the opportunity of testing the project on their network and to acquire the very first supporters before the funding starts. If the required number of fans is not met within 30 days, the project is declared as unsuccessful and can be revised and reactivated in the future. If the opposite is the case, the funding phase begins (cf. Harzer, 2013, p. 61).

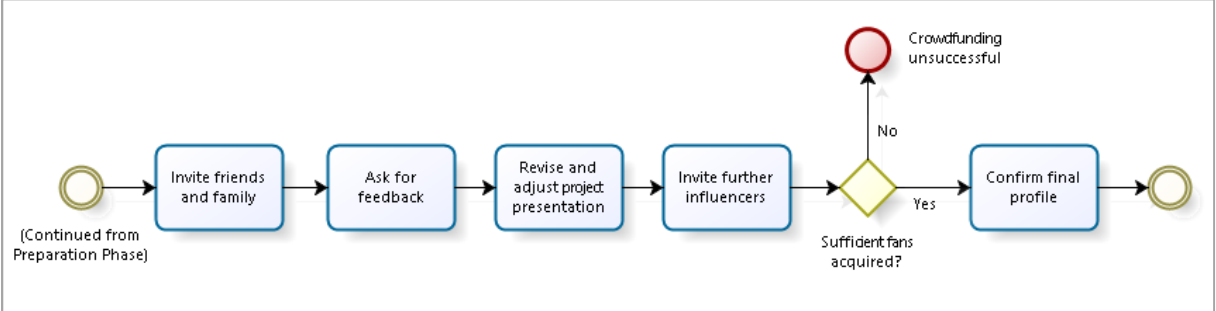


Figure 4: Startnext Crowdfunding Model, Starting Phase (own illustration).

3.4.4 The Funding Phase

During the funding phase, the project is open for support by the crowd within the self-determined funding period (maximum three months) (cf. Junge, 2013, p. 55). The

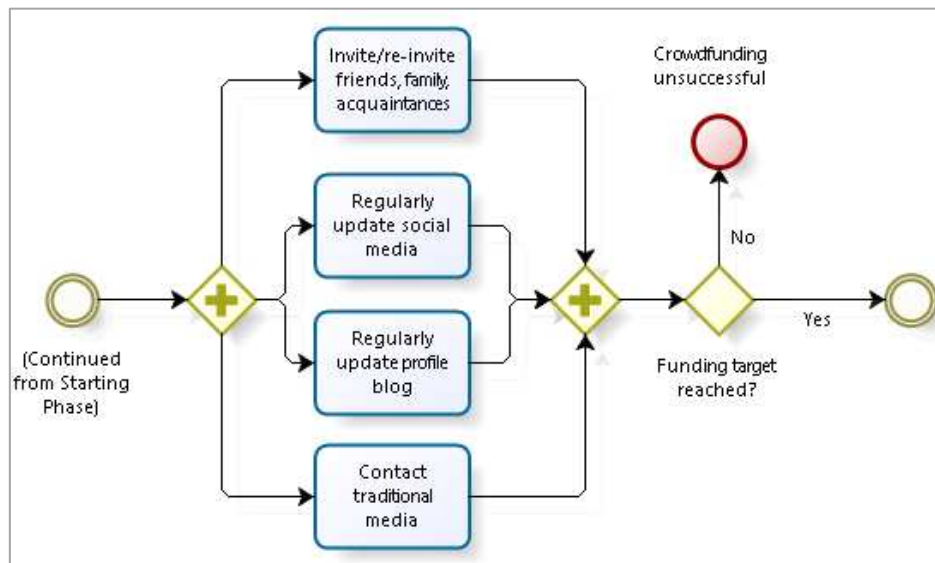


Figure 5: Startnext Crowdfunding Model, Funding Phase (own illustration).

initiators try to acquire as many supporters as possible which requires a well reflected marketing campaign and communications strategy.

Therefore, *Startnext* provides an integrated blog for communicating recent news, a pinwall and e-mail template as well as widgets for the implementation of the profile page on social media sites and the project homepage. Additionally, logos of well-known institutional supporters can be added to the profile page as a reference to convince further supporters. But it is recommended to use traditional media channels as well as social media channels to enlarge the reach of the CF project (cf. Harzer, 2013, p. 62). As the platform supports the all-or-nothing-principle, 100% of the funding target has to be reached within the funding period. If not, the CF process ends and all the supporters receive their money back. On the other hand, if the target is reached and the period is over, the post-funding phase begins (cf. Junge, 2013, p. 55).

3.4.5 The Post-Funding Phase

In the final phase – the post-funding phase – the project initiators receive the funding total and the opportunity to realize their project. First, they should thank their supporters and confirm to the platform that they will realize the project. In consequence, the monetary transaction takes place and the supporters will receive their rewards. The CF process ends successfully as shown in figure 6 (cf. Junge, 2013, p. 55). From here on, the long-term customer relationship begins as supporters

and project initiators still have the possibility to directly communicate via the platform or social media.

As shown in the process map, the *Startnext Crowdfunding Model* identifies many starting points for EM activities and illustrates the risk of failure as the CF can be declared as unsuccessful in the preparation phase, starting phase and the funding phase. Moreover, it shows the importance of proper preparation of the CF effort as the majority of activities take place in the pre-preparation and the preparation phase. The interference with the concept of EM will be furtherly discussed in the following chapter.

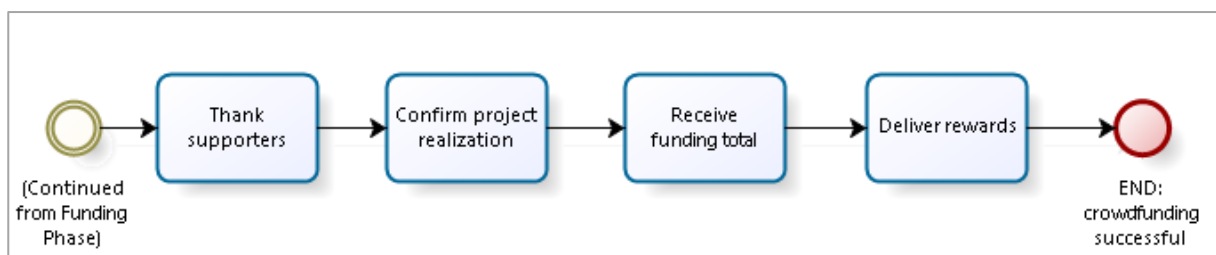


Figure 6: Startnext Crowdfunding Model, Post-Funding Phase (own illustration).

4 Investigation on the Applicability of Crowdfunding to Entrepreneurial Marketing

CF may attract a large number of potential customers. Therefore, it bears a marketing dimension which may be beneficial when it is conducted the right way but demands a lot of preparation and effort. As the *Startnext Crowdfunding Model* illustrates, CF and EM share commonalities. For example, both are innovation-oriented and request a direct, multidirectional communication with customers, both aim for long-term relationships rather than short-term profit and both recommend the tools of Web 2.0 for a successful performance. In the following, CF will be examined on its ability to fulfill all functions that are requested by an EM tool or method, as stated by Bruhn, Kollmann and Benkenstein. Additionally, the characteristics of EM behavior from chapter two will be compared with the concept of CF.

4.1 Reflection Function

In recollection of chapter two, the reflection function of EM enables the internal and external deliberation of the product or service, its technical realization and its benefit

to the entrepreneurial firm and the customer. In the *Startnext Crowdfunding Model*, every CF campaign must prove its legitimacy in the starting phase before the actual funding phase starts. Thus, demand on the campaign is tested on different target groups, such as friends, family and acquaintances and also total strangers, as one hundred potential supporters are required to enter the funding phase³⁸. On the one hand, platforms like *Startnext* increase their success rate by testing the demand on the campaign on the specific target group, on the other hand the success or failure of the starting phase can be used by the entrepreneur as an indicator that reflects upon the product, service or business model and its relevance. In regard to CF, Schmiedgen (2014, p. 132) identified that the product, service or project has to be credible and professional in order to perform a successful campaign. Therefore, the credibility of the business model has to be revised in both EM and CF. Furthermore, as the campaign is already public, the feedback process can be used to analyze reasons of failure. However, when starting the funding phase, the risk of failure in funding is limited since the starting phase already accounts as a track record for finding more supporters and as a proof of acceptance for the campaign and its outcome. Consequently, not just ‘... the acceptance [of the product or service] [...] decides on the success of the product [or service]’ (Freiling & Kollmann, 2008, p. 23), but also the acceptance of the CF campaign decides on the success of the funding and causally the success of the product or service that is promoted.

4.2 Catalysator Function

The catalysator function of EM derives from the reflection function as it requests the adjustment of the product or service after reflecting upon the market and customer needs and competitor’s offerings. The same process occurs after conducting a CF effort. When the funding is declared as unsuccessful after the starting phase, one outcome should be to adjust the product or service in regard of the findings from the failure analysis. Although, the first CF attempt may have been unsuccessful, platforms like *Startnext* allow a second attempt to CF after the campaign is revised and adjusted by the initiators. This also indicates a revision of the product, service or business model. The same accounts for an unsuccessful funding after the funding phase. Furthermore, the CF experience and the proximity to supporters through the

³⁸In the case of a funding target of more than €7501, *Startnext* requests 100 fans to follow the campaign in order to enter the funding phase. Other platforms have different testing processes, e.g., *Seedmatch* requests the *Pitch Deck* for internal evaluation of the potential funding outcome.

platform can be used for further research and development on the product or service in disregard of the funding outcome as platforms usually provide statistical evaluations for each CF campaign. Moreover, in the context of CF, Schmiedgen (2014, p. 128) explains that: 'The most important criteria is the demonstration of customer's benefit.' Thus, the findings can further be used to relaunch a product or service with more value added for the customer as an outcome of the whole CF and information exchange process. Thus, for successful CF and EM, the benefit, either monetary or non-monetary, has to be clearly defined and communicated. Moreover, CF allows initiators to test the product on the market when the access is barred by larger competitors, making the platforms represent a market place where supporters are looking for opportunities to invest in needy companies, which is clearly a market and funding opportunity for entrepreneurs as well (cf. Schmiedgen, 2014, p. 127 f.). From the opposite perspective, initiators/entrepreneurs can promote their project to numerous potential customers at the same time which saves money for advertising that can be allocated elsewhere, e.g., in research and development. Furthermore, the funding total can be perceived either as revenue or as a counterbalance for marketing expenses and, thus, CF can be used for resource-leveraging purposes in EM.

4.3 Communication Function

In CF, sometimes an emotional tackle or an unsophisticated idea is sufficient for generating huge sums of investments and a large potential customer basis. The funding outcome is supported by strategic marketing and communication activities through viral marketing (cf. Richter, Seidler-de Alwis, & Jötten, 2014, p. 17). Communication, therefore, plays a significant role in both EM and CF. Moreover, managing external uncertainty is crucial to both as Brem and Wassong state that '... the younger the company, the higher the risk of investment' (Brem & Wassong, 2014, p. 35). This uncertainty or 'risk' can be covered by the presentation of a qualified initiators team – most commonly the entrepreneurs – and the projects resistance capability towards external influences. Both have to be communicated directly in the project description in order to minimize external uncertainty as illustrated in the starting phase of the *Startnext Crowdfunding Model*. In the context of EM, Eggers (2009, p. 174) explains that initial communication underlies the responsibility of the entrepreneur to acquaint the company and its product or service with the public and to reduce external uncertainty from the perspective of potential customers and

business partners. He adds that guarantees and references are supporting the establishment of trust and the reduction of uncertainty. Both are embedded in CF since platforms generally support the all-or-nothing-principle which serves as a guarantee for supporters and the presentation of institutional partners on the CF profile as shown in the *Startnext Crowdfunding Model* which supports trust building through references. Moreover, the number of individual supporters counts as reference as well. Freiling and Kollmann (2008, p. 23) add that communication has to be multidirectional rather than unidirectional as it enables the collection of external feedback. Moreover, Schmiedgen (2014, p. 134) argues that 'individuals who support a project because they believe in the idea, entertain an emotional connection and therefore expect a personal exchange – not only during the funding but also afterwards'. According to that, a large crowd requires a large dialogue oriented communication. The most successful CF initiators actually communicated frequently with the crowd, answered all occurring questions and actively advertised their project on social media (cf. Schmiedgen, 2014, p. 133f.). Evidently, in EM and in CF communication with customers prior and after sales is perceived as important. As stated in the *Startnext Crowdfunding Model* and the description of CF platform functions in chapter three, every common CF platform enables multidirectional one-to-many communication with the crowd. Moreover, Schulte and Eggers (2010, p. 70) argue that initial communication in EM helps to minimize unrealistic expectations. According to Brem and Wassong (2014, p. 38), supporters are more likely to invest if they have a broad knowledge on the product and the market and therefore show emotional interest in the product group. Expectations can be managed by a proof-of-concept by providing information on a prototype. In CF, the project description is widely dependent on the initiator's/entrepreneur's opinion on the conveyance of relevant information. Thus, the project profile can be used for initial communication with potential customers in respect of managing expectations of the product or service and even exceeding expectations when delivering rewards or the product/service itself. Consequently, not only in EM but also in CF, one can state that 'better information transfer leads to better success' (Schulte & Eggers, 2010, p. 70) as it helps to minimize external uncertainty and risk of investment at the same time. Another commonality of EM and CF is that the use of Web 2.0 is recommended for better outcome (cf. Freiling & Kollmann, 2008, p. 23; Schulte & Eggers, 2010, p. 70; Schmiedgen, 2014, p. 134). In regard to CF, Schmiedgen (2014, p. 134) states that

the structures of Web 2.0 provide ideal requirements. The platform-own blog as well as the uncomplicated integration of social media enable easy one-to-many communication. In the context of EM Brian Jones (2010, p. 146) writes: 'Social media is an effective and efficient tool of communication. It helps businesses of all types and sizes to create, grow and add value to their product and service offerings.' Both Schmiedgen and Jones stress the importance of Web 2.0 for EM and CF. The CF process itself requires intensive marketing efforts to arouse attention, ideally convincing prospective customers that the product realization depends on them and therefore binding them on the success of the project: 'In the end it is the need of society to take part in and actively support innovative ideas.' (Schmiedgen, 2014, p. 135). Thus, users want to be involved in the development process and profit of their interaction. In return, supporters will convince others to realize this project, triggering viral effects. In a result, CF represents not only a funding resource but serves also as a marketplace for initial sales and as a channel for brand building, especially for start-ups that face fierce competition and rely on the audience's opinion.

4.4 Comparison of Crowdfunding and Characteristics of Entrepreneurial Marketing

As described in chapter two, there are several characteristics that distinguish EM from SME marketing and traditional marketing. For example, entrepreneurial firms are more customer oriented than 'conservative' firms. Additionally, entrepreneurs favor a less formalized marketing plan and prefer direct interaction with customers as they rely on networks and relationships in order to establish long-term growth. In the following, the characteristics of EM behavior in chapter two will be compared with the concept of CF examined in chapter three to show the interference of CF and EM.

4.4.1 Passion for Customers

Through CF, the potential supporters that are addressed ideally become the initial customers. Moritz and Block (2014, p. 70) state that project supporters participate in CF because they believe in the success of the project or company and its offerings. Moreover, Brem and Wassong (2014, p. 38) argue that supporters actually develop a relationship to the product or project outcome. On the one hand, the product relationship can be associated with the benefit maximization of the initial customers. This means that a product is supported in the hope of the realization of a good that is perceived as needed and the ability of purchasing this special product first. On the

other hand, product relationship can be understood on a broader context as including the involvement, i.e., the actual product contribution by customers as defined by the 'lead user method'³⁹ (cf. Brem & Wassong, 2014, p. 38). Junge (2013, p. 10) supports this statement and points out that potential supporters rather donate or invest in a product if they have the feeling of being involved into the project and are able to exchange ideas with the initiators on the same level. Furthermore, potential supporters wish to receive exclusive information on the project to separate themselves from the ordinary customers. Especially, CF enables direct and informal customer involvement very close to the product, and therefore this factor is considered as important for CF success (cp. Brem & Wassong, 2014, p. 38; Junge, 2013, p. 10). Thus, CF requests explicitly customer-orientation as participants of CF campaigns expect a certain exchange with the initiator/entrepreneur.

4.4.2 Market/Customer Immersion

This customer-orientation is closely related to the proximity of the entrepreneur to the marketplace or – in the case of CF – the initiator to the supporters on the CF platform. As stated in chapter two, 'customer observation' and 'experience' influence entrepreneurial decision making in marketing more than formal and systematic approaches. The multidirectional information exchange on the CF platform actually enables customer observation as it can be followed upon the preferred rewards chosen by the crowd and the immediate feedback on the campaign. Moreover, statistics on the supporters in regard of geographical and demographic characteristics can be evaluated with the help of platform-integrated statistical analysis. Thus, in a broader context CF can potentially be used as a tool for market research in order to identify the ideal market position and target group.

4.4.3 Networks and Relationships

The majority of entrepreneurs rely on their personal and professional networks in order to develop and market their products. In the context of CF, Schmiedgen (2014, p. 132f.) found out that the initiators take the central role in the CF campaign since the realization of the project depends on them, which is supported by the findings of Brem and Wassong (2014, p.45). Moreover, it is important to convince the potential supporters of the ability of the initiators to successfully realize the project. This

³⁹ The lead user method integrates customers directly into the product development process and let them function as so-called 'lead users' in order to generate innovative new products and to increase effectiveness of cross-functional innovation teams (cp. Lüthje & Herstatt, 2004, p. 553).

requires a credible and authentic presentation of the initiators and their know-how, experience and passion for the project (cf. Mausbach & Simmert, 2014, p. 301; Schmiedgen, 2014, p. 132 f.). More importantly, the advantage of CF is that it enhances the networking of entrepreneurs through uncomplicated one-to-many communication. Especially in equity-based crowdfunding, investors are financially bound to the start-up and ideally support the entrepreneurs with their know-how or their partnership as it is for their own monetary benefit as well. Additionally, some supporters want to support 'their start-ups' by telling other individuals within their personal social networks about the project. According to Moritz and Block (2014, p. 75), several studies prove that social networks influence the decision making of potential supporters as the dialogue reduces information asymmetries: 'The investors want to be part of the supporters and want to communicate this to the outside. They are proud to be a part of the project and to foster innovation.' (Schmiedgen, 2014, p. 133). Tomczak and Brem (2013, p. 350) agree and add: 'Sometimes investors are not wholly motivated by a financial goal but rather want to participate into innovative projects, be able to say 'I did it', obtain recognition and personal satisfaction.' Thus, the intrinsic motivation of the supporters to be a part of 'a greater good' can be helpful for the growth of entrepreneurial firms and the customer's drive of participation may not be neglected as an opportunity for entrepreneurial oriented companies.

4.4.4 Time Horizon

One major characteristic of any entrepreneur that distinguishes her from a small business owner is an orientation towards sustainable business growth. To achieve their goals, entrepreneurs aim for long-term relationship building with customers rather than short-term profit. The same is true for CF, since investors are highly interested in the long-term performance and supporters expect a sustainable outcome in return for their monetary support. Additionally, when conducting ex ante CF, the proper presentation of the product idea generates an initial customer basis for the yet unproduced good. Plus, by conducting a pre-order or pre-purchase CF model, the entrepreneur receives the money upfront. As a consequence, when the final good receives the supporter and meets or exceeds the expectation, it can be seen as a proof of trust and generate further sales through recommendation. In contrast, the undertaking of any CF effort is obviously risky as not every idea may be supported by the crowd and may harm the company reputation. Thus, the risk of

refusal by the market must be managed in order to gain the chance for sustainable business growth.

4.4.5 Promotional Characteristics

EM activities are often characterized by the proactive use of innovative communication channels or the innovative use of classical communication channels. CF is one innovative way of conducting marketing as it demands for innovative projects and proper communication with the crowd: 'To reach the correct target group, initiators have to choose the fitting platform and sales approach. If the individuals behind the complex, disruptive ideas are successful in formating the innovation generally understandable, a larger circle of prospective buyers will be won.' (Schmiedgen, 2014, p. 135). Generally, the main purpose of a CF campaign is to fund innovative projects, products or services, but the public attention that is aroused bears huge potential for marketing. Therefore, CF can also be conducted for marketing purposes with funding as a side effect. As shown in the *Startnext Crowdfunding Model*, a communication strategy for public relation is recommended. CF enables extra content for storytelling since the product or service with its specifications, the idea behind the innovation, as well as the people behind the idea have to be properly introduced to the public in order to perform successfully, accentuated with the call for customer involvement. This can be helpful for brand building purposes and long-term customer relationship building as both EM and CF rely on word-of-mouth-marketing concepts, such as guerilla marketing, buzz marketing and viral marketing. In addition, in the post-funding phase, the number of supporters and the funding total can be used for promotional purposes as a track record or a proof of reliability for further customers to overcome the liability of newness and smallness. This way, the viral effects of CF reach numerous early adopters and sustainable business growth is supported.

5 Conclusion

The attractiveness of innovative start-up companies like *Pebble* has resulted in the development of a new field in entrepreneurship and marketing studies which is more flexible and practice oriented than traditional theories of marketing. Entrepreneurial marketing is an attitude, an orientation and a process of identifying and exploiting opportunities to grow and launch ventures – mostly implemented by the entrepreneurial firm with the entrepreneur in the central position. It has to be distinguished from SME marketing as well as from the traditional marketing concepts as the core of EM is deeply rooted in the drive for opportunity, proactiveness, focus on innovation, customer-intensity, risk management, resource leveraging and value creation. Furthermore, its character is customer-oriented, close to the market, relies on personal and professional networks for decision-making and focuses on long-term relationship building rather than short-term profit which is consistent with its overall target of business growth. In regard of promotion, in EM the use of word-of-mouth-marketing concepts like guerilla marketing, buzz marketing and viral marketing is recommended as they reflect the spirit of EM and are more resource oriented. Mass media as an example does not fit its promotional requirements as it is not cost efficient and aims for mass markets whereas the most entrepreneurial oriented firms serve niche markets. Moreover, EM activities should fulfill three elementary functions to overcome the liability of newness and the liability of smallness which new ventures usually face. First, it should enable the external reflection on the product, service or business model by potential customers, business partners or the general public which is described by the reflection function. As a consequence of the revision, described by the catalysator function, it should enable the adjustment of the product, service or business model in order to create a real benefit for the customers. Thirdly, EM should communicate the benefits of the product or service, support the feedback process and, thus, reduce information asymmetries between stakeholders, which are explained by the communication function. The use of Web 2.0 is highly recommended as it enables very cost efficient and uncomplicated one-to-many communication and a source of immediate feedback. More specifically, in this paper it was argued that CF, as a part of crowdsourcing, is able to fulfill all three functions and shares commonalities with the characteristics of EM behavior. Thus, it should provide great opportunities for entrepreneurial firms and is applicable to the concept of EM.

Indeed CF – either lending-based, equity-based, donation-based or reward-based – is more than just a funding alternative. It demands a lot of preparation and effort and aims to reach the general public, i.e., ‘the crowd’ or more specifically, masses of potential customers. Therefore, it has to be reflected upon the product, service or business model before, within and after the CF. The delivery of benefit to the customer and the proper communication with the supporters in order to minimize external uncertainty is in its core. The CF platforms serve as tools for transaction clearance, as a market place and as a hub for lead users. *Startnext*, is the most successful platform for reward-based CF in Germany as it hosts more than 85% of the CFs in the German speaking area and counts more than 100.000 users who are willing to support innovative projects. The *Startnext* CF process as illustrated by the *Startnext Crowdfunding Model*, shows that CF enables reflection on the product, service or business model as the market attractiveness is tested in the starting phase, even before the actual funding phase begins. More importantly, it allows for the adjustment of the product, service or business model whilst the CF campaign has already started or after the campaign is closed. The adjustment process can additionally be supported by the statistical evaluation of the CF effort that is provided by the platforms. Furthermore, the platform-integrated blog, the social media templates and the public relations work enable a cost efficient form of one-to-many communication which is multidirectional and not unidirectional as in traditional marketing channels. Additionally, even after the CF campaign, the long-term relationship building with supporters is actively recommended and is still accessible over the platform’s communication channels. As a side effect, supporters are emotionally or monetarily bound to the project and function as evangelists who will spread the message of the campaign within their own social networks as it is for their own intrinsic or monetary benefit. Thus, viral effects take place and potential customers are bound to the company although the final good may not be launched yet. Plus, the entrepreneurs generally enlarge their professional networks as investors are likely to share their expertise or support the entrepreneurs with non-monetary resources. The funding total at the end of the campaign can be allocated elsewhere in the company or can be seen as a counterbalance to the marketing expenses of the entrepreneurial firm. Moreover, a successfully closed CF campaign can be seen as a sign for market acceptance and the number of supporters serves as market reference. Even an unsuccessful CF effort can be helpful when the

offering is revised with the help of the feedback from the supporters and may enable a more successful relaunch.

To summarize the findings, the hypothesis that CF is applicable to the concept of EM is validated as it fulfills all functions of EM and has commonalities with its main characteristics. CF can therefore be seen as an EM tool for information transfer, communication with potential customers, feedback gathering, brand building, product marketing and marketing research. It further supports the external reflection on the offering and its adjustment according to the needs of the market as it activates customer involvement. CF, like EM, aims for business growth and can be used to minimize external uncertainty to quickly overcome the liability of newness and smallness. Additionally, it can be conducted with a few resources and is therefore effective for resource-leveraging as it collects funding for further development. As EM, CF is both entrepreneur-centric and customer-oriented and therefore accounts as an innovative marketing method. But it also defines some requirements for a successful campaign as the product, service or business model has to be innovative and the campaign has to be credible for the audience. Unless, CF bears the risk of campaign failure which can in turn harm the company reputation. Thus, it also requires proper risk management of the entrepreneur which is generally crucial in entrepreneurship. It has to be outweighed whether a CF campaign is helpful or harmful as not every business idea may be supported by the general public, e.g., a lack of credibility may be perceived when a wealthy entrepreneur asks for monetary support by the crowd or when CF is used to copy another innovative idea. Thus, CF is limited by business ethics and also the *Startnext Crowdfunding Model* is limited by the focus on only one platform. Other forms of CF and other interpretations of EM are still developing and, therefore, older examinations are replaced by more recent findings. Consequently, the findings in this paper may not be absolute but help to make a first contribution to the combination of both EM and CF.

Although, CF and EM share similarities, the literature gap of the combination continues to exist. Further studies should aim at closing the gap and examining both in combination rather than separately. Future studies in the CF/EM interface should aim at empirical research in the characteristic behavior of CF initiators and their consistency with the characteristics of entrepreneurial behavior to find more commonalities. Moreover, to examine the EM dimension in CF, empirical research on

the long-term marketing performance of successfully concluded CF projects should be conducted. It is also interesting to examine this topic from the EM perspective, investigating why certain entrepreneurship oriented CF campaigns fail while other funfunding EM-averse projects perform extraordinarily successful. Furthermore, the qualitative examination of the seven core dimensions of EM and their interference with CF is recommended for further insights in the CF/EM interface to tighten the position of CF in EM research.

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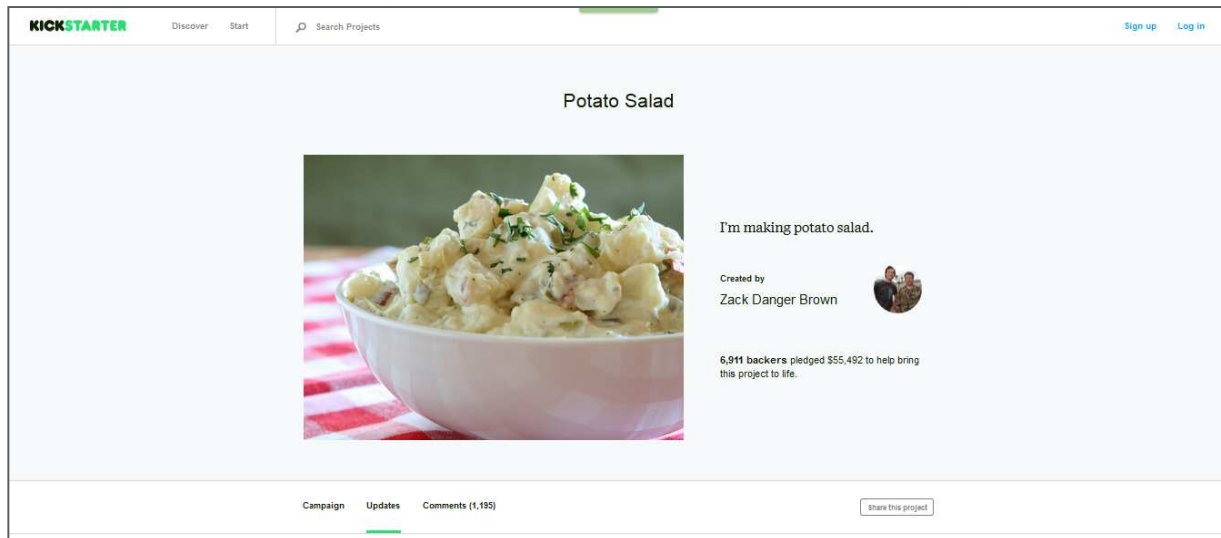
Appendix

Overview

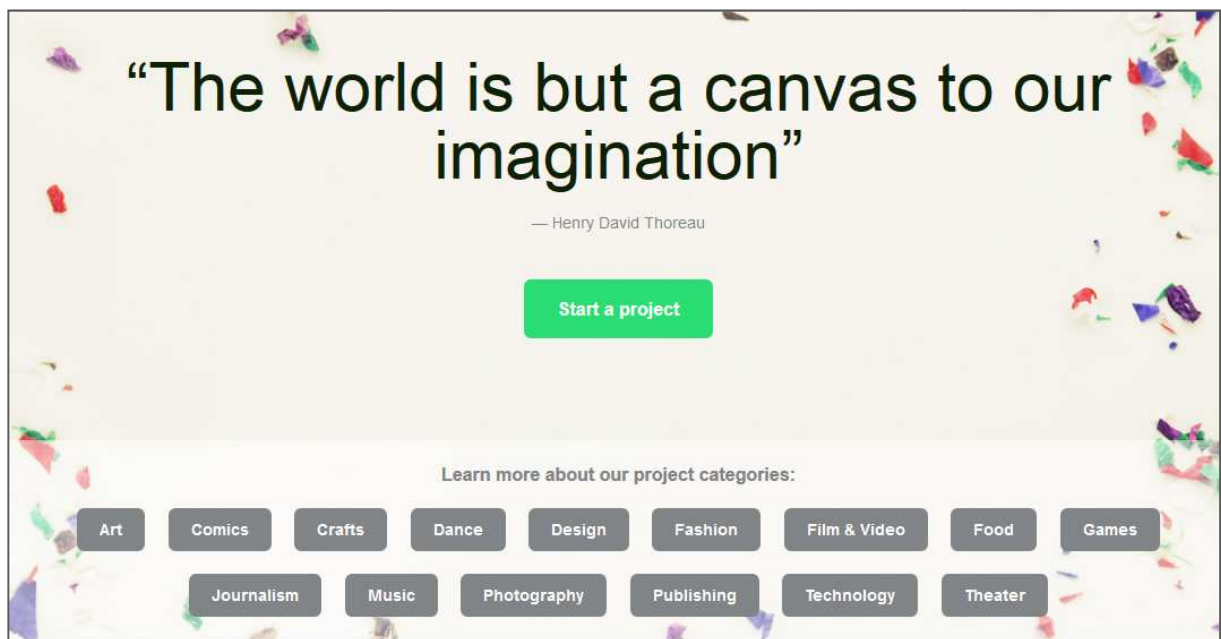
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<ul style="list-style-type: none"> • Entrepreneur/owner-manager being central to marketing
<ul style="list-style-type: none"> • Decisions being linked to personal goals and long-time performance
<ul style="list-style-type: none"> • The exploitation of smaller market niches with a customized range of products and services
<ul style="list-style-type: none"> • Marginal market power
<ul style="list-style-type: none"> • Marketing penetrating all levels and functional areas of the firm
<ul style="list-style-type: none"> • Marketing based on personal reputation, trust and credibility
<ul style="list-style-type: none"> • Heavy focus on sales and promotion
<ul style="list-style-type: none"> • Lack of formal planning and strategy, reliance on intuition and experience of owner, individual-related value creation
<ul style="list-style-type: none"> • Smallness and lack of marketing resources, no division of marketing work
<ul style="list-style-type: none"> • Formal market research is rare, rather making use of personal contacts and networks
<ul style="list-style-type: none"> • Interactive and innovative product/venture development
<ul style="list-style-type: none"> • Inherent focus on opportunity recognition, proactiveness and calculated risk
<ul style="list-style-type: none"> • Flexibility and fast reactions to customer preference shifts
<ul style="list-style-type: none"> • Inherent risk of market exit
<ul style="list-style-type: none"> • A role for passion, enthusiasm and commitment, as well as for leading instead of following customers.

Table of specific characteristics of EM discovered by Hills and Hultman (2006) by summarizing several empirical studies (**Hills, Hultman, Kraus, & Schulte, 2010, p. 10**).



'Funfunding' for potato salad (URL: <https://www.kickstarter.com/projects/324283889/potato-salad>) (as of 04/12/2015).



Kickstarter categories (URL: <https://www.kickstarter.com/learn?ref=nav>) (as of 04/12/2015).

Our Rules

Kickstarter is a community of people committed to bringing creative projects to life.

We welcome and support projects in the diverse categories of Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theater. There are three rules every Kickstarter project must follow.

✓ **Projects must create something to share with others.**

Kickstarter can be used to create all sorts of things: art and gadgets, events and spaces, ideas and experiences. But every project needs a plan for creating something and sharing it with the world. At some point, the creator should be able to say: "It's finished. Here's what we created. Enjoy!"

✓ **Projects must be honest and clearly presented.**

Our community is built on trust and communication. Projects can't mislead people or misrepresent facts, and creators should be candid about what they plan to accomplish. When a project involves manufacturing and distributing something complex, like a gadget, we require projects to [show a prototype](#) of what they're making, and we prohibit photorealistic renderings.

✓ **Projects can't fundraise for charity, offer financial incentives, or involve prohibited items.**

We're all in favor of charity and investment, but they're not permitted on Kickstarter. Projects can't promise to donate funds raised to a charity or cause, and they can't offer financial incentives like equity or repayment. We also can't allow any of [these prohibited things](#).

These rules don't cover every possible use of Kickstarter, but they explain our purpose and perspective.

Most importantly, Kickstarter works.

Kickstarter is for creative projects.

We host projects from the worlds of Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theater. We built Kickstarter to serve creative projects and the artists, designers, and creative people who make them.

People love backing projects.

Everyone loves being a part of creating something new. Millions of people have jumped in to support creators on Kickstarter. They've gotten some great rewards, and a unique look into the creator's process in return. It's about more than money. It's people making something together.

All-or-nothing funding works.

All-or-nothing funding protects creators from being stuck with a fraction of the funds they need and an audience expecting fully funded results. By minimizing risk, it also makes backers more likely to pledge. Incredibly, nearly half of all projects on Kickstarter have been successfully funded (82,263 so far!). No other funding method comes close.

We're making Kickstarter better all the time.

After hosting more than 100,000 projects, we've learned a ton about what works and what doesn't. We apply what we learn to improving the site everyday, we offer resources like the [creator handbook](#) to help you build a great project, and of course we're [available for questions](#).

What is Kickstarter's fee?

Kickstarter collects a 5% fee from a project's funding total if a project is successfully funded. There are no fees if a project is not successfully funded.

Pledges on Kickstarter are collected and processed by our payments partner, Stripe. These payment processing fees work out to roughly 3-5%.

Creators never give up any ownership of their work to Kickstarter or backers. You keep 100% ownership and control over your work.

Where is Kickstarter available?

Can Kickstarter be used to fund anything?

Does Kickstarter curate or screen projects?

What happens if I get funded?

What happens if I don't get funded?

If a project on Kickstarter does not reach its funding goal, no backers are charged and no money changes hands. But there are still positives: creators can get useful feedback and often find new people interested in their work. Creators are welcome to relaunch their projects on Kickstarter and apply lessons learned from the first go-around.

Kickstarter fee (URL: <https://www.kickstarter.com/learn?ref=nav>) (as of 04/12/2015).

8,357,673	2,531,759	21,700,648
Total backers	Repeat backers	Total pledges

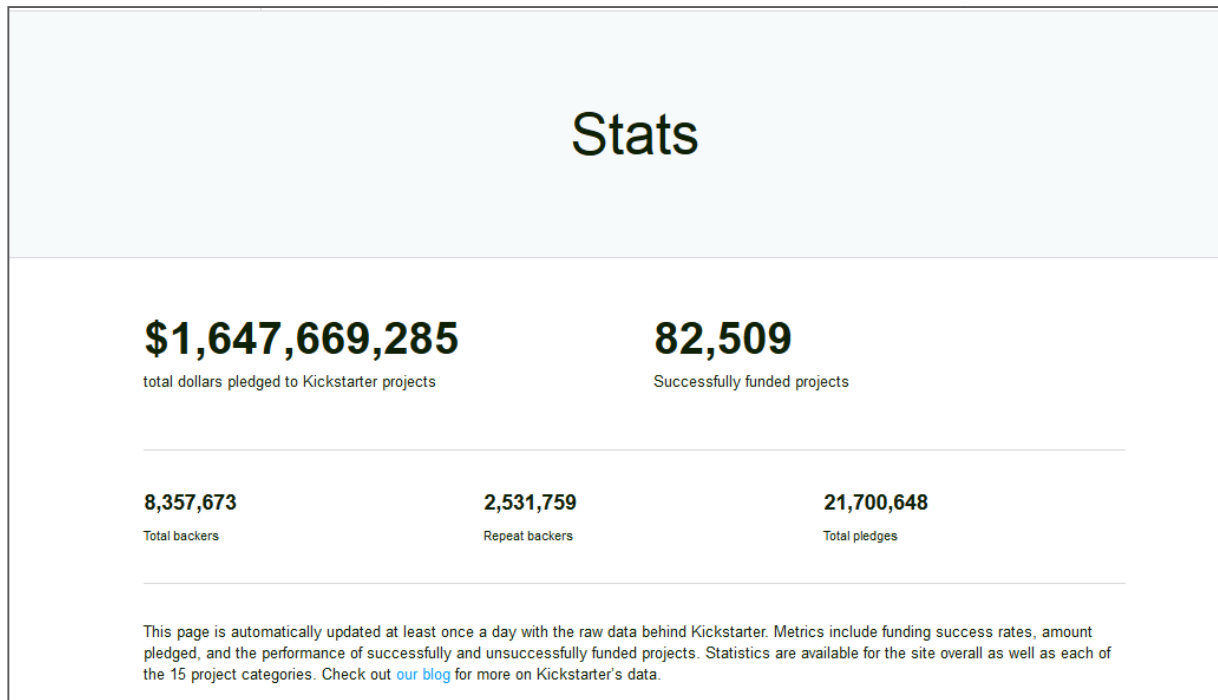
This page is automatically updated at least once a day with the raw data behind Kickstarter. Metrics include funding success rates, amount pledged, and the performance of successfully and unsuccessfully funded projects. Statistics are available for overall as well as each of the 15 project categories. Check out [our blog](#) for more on Kickstarter's data.

Projects and Dollars

Category	Launched Projects	Total Dollars	Successful Dollars	Unsuccessful Dollars	Live Dollars	Live Projects	Success Rate
All	222,408	\$1.65 B	\$1.42 B	\$199 M	\$30 M	7,932	38.47%
Dance	2,610	\$8.74M	\$8.02M	\$600.52k	\$112.46k	87	65.68%

Calculated by dividing the number of successfully funded projects by the number of all projects that have reached their deadline (including successful, unsuccessful, canceled, and suspended projects).

Kickstarter success rate (URL: <https://www.kickstarter.com/help/stats?ref=footer>) (as of 04/12/2015).



Kickstarter statistics (URL: <https://www.kickstarter.com/help/stats?ref=footer>) (as of 04/12/2015).

Richtlinien für Starter

Hier findest du eine Übersicht, wer Projekte auf Startnext starten kann.

Crowdfunding für Projekte

Startnext ist eine Plattform für Projektideen von **Künstlern, Kreativen, Erfindern und Gründern**. Dein Projekt sollte in eine dieser Kategorien passen: Comic, Community, Design, Erfindung, Event, Film/Video, Food, Fotografie, Games, Hörspiel/Hörbuch, Journalismus, Literatur, Kunst, Kulturelle Bildung, Mode, Musik, Social Business, Technologie, Theater.

Ein Projekt hat ein klares Ziel, ein Anfang und ein Ende sowie ein konkretes Ergebnis, wie z.B. die Produktion eines Films, eines Albums, eine Erfindung oder die Herstellung eines Design-Produkts.

Was nicht finanziert werden kann: Auf Startnext kann/können kein/e Studium, Ausbildung, private Veranstaltungen oder Reisen, Charity-Projekte, der Ankauf von Technik, Werbemaßnahmen o.ä. finanziert werden.

Startnext kann Projekte ablehnen, welche nicht den Richtlinien entsprechen oder ungeeignet sind.

Hilfe

[FAQ](#)
Fragen und Antworten

[Gebühren](#)
Überblick über die Gebühren

[Richtlinien](#)
Regeln für Starter

[Handbuch für Starter](#)
Empfehlungen für dein Crowdfunding-Projekt

Startnext guidelines (URL: <https://www.startnext.de/hilfe/guidelines.html>) (as of 04/12/15).



Startnext statistics (URL: <https://www.startnext.com/ueber/statistiken.html>) (as of 04/12/15).

Handbuch für Starter

Mit den vielen Projekten haben wir gelernt, wie Ideen erfolgreich finanziert werden können. In unserem Handbuch haben wir die wichtigsten Erfolgsfaktoren und Tipps zusammengefasst.

<p>Projektbeschreibung</p> <p>Bevor du dein erstes Crowdfunding-Projekt startest, schau dir erfolgreiche Kampagnen an und unterstütze selbst ein Projekt. Das ist der beste Weg, um Inspiration für das eigene Projekt zu bekommen und um Crowdfunding aus Sicht eines Unterstützers kennenzulernen.</p>	<p>Kapitel</p> <p>Projektbeschreibung</p> <hr/> <p>Fundingziel</p> <hr/>
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Startnext handbook for starters, project description (URL: <https://www.startnext.de/hilfe/handbuch.html>) (as of 04/12/15).

Dankeschöns

Die Philosophie vom Crowdfunding heißt: Geben und Nehmen. Die Unterstützer deines Projektes bekommen als Gegenleistung für ihren finanziellen Beitrag Dankeschöns von dir zurück. Die Dankeschöns verschickst du erst, wenn dein Projekt erfolgreich finanziert ist und du deine Idee realisiert hast.

Dankeschöns auswählen

Die Dankeschöns haben einen Bezug zu deinem Projekt und entstehen im Zuge der Projektrealisierung. Dankeschöns können z.B. sein:

- Das fertige Produkt: DVD, Buch, CD, ein Designprodukt, Magazin, Spiel, Möbel
- Individuelle Erlebnisse: Einladung zur Premiere, Gespräche mit den Künstlern, Besuch im Atelier
- Beteiligung der Unterstützer: Nennung im Abspann, Gastrolle im Hörspiel, Komparsenrolle im Film
- Limitierte Produkte: Das fertige Produkt in einer Sonderedition, mit Autogramm
- Sponsoring für Unternehmen: Wenn du planst auch Unternehmen anzusprechen, kannst du auch Dankeschöns für Sponsoren anbieten, wie z.B. die Platzierung eines Logos.

Was ist nicht erlaubt:

- Gewinnspiele, Rabatte
- Dankeschöns für ein Event, das schon während der Finanzierungsphase stattfindet
- Beteiligungen (Wenn du eine Beteiligung anbieten möchtest, schau dir unsere Informationen zu Crowdfunding an.)

Preis bestimmen

Wenn du überlegst, welchen Preis ein Dankeschön haben kann, frag dich selbst, wie viel du bereit wärest, dafür zu geben. Überlege welchen Wert das Dankeschön hat, welcher Produktionsaufwand für dich dahintersteckt und wähle einen realistischen Preis. Bei Produkten ist es empfehlenswert, nah am Marktpreis zu bleiben und die Dankeschöns nicht überteuert anzubieten. Denke daran, die Produktions- und Versandkosten für die Dankeschöns einzuplanen. Gib die Dankeschöns in Brutto-Preisen an.

Unsere Tipps für die besten Dankeschöns

Startnext 'thank you gift' regulations
(URL: <https://www.startnext.com/hilfe/handbuch.html>) (as of 04/12/15).

Kommunikation

Wenn du Unterstützer für dein Projekt gewinnen möchtest, musst du ihnen von deinem Projekt erzählen. Überlege dir vorher, wen du mit deinem Projekt über welche Kommunikationskanäle erreichen möchtest.

Das eigene Netzwerk ansprechen

Die Unterstützung eines Crowdfunding-Projekt beginnt fast immer im eigenen Netzwerk - bei Freunden, der Familie, Fans oder deinem Publikum und ihren Netzwerken. Wenn du aktiv kommunizierst und dein Projekt Kreise zieht, werden nach und nach auch Menschen dazu kommen, die du noch nicht kennst und du kannst deine Community aufbauen. Nimm dir die Zeit und schreibe die Kontakte aus deinem Netzwerk persönlich an, das macht einen großen Unterschied. Gruppennachrichten landen schneller im Papierkorb. Wenn ein Team an dem Projekt arbeitet, ist es sinnvoll, dass auch sie von eurem Projekt in ihrem Netzwerk erzählen. Die ersten Tage deiner Kampagne sind besonders wichtig, damit das Projekt in Fahrt kommt.

Online-Kanäle: Social Media, E-Mails und Blogs

Ein Großteil der Unterstützer erfährt von neuen Projekten über soziale Netzwerke und Empfehlungen von Freunden. Poste dein Projekt auf Facebook oder Twitter, schreibe einen Newsletter und veröffentliche das Projekt auf deiner Homepage oder deinem Blog. Wichtig ist es, nicht nur den Link der Projektseite zu posten, sondern die Leser mit einer Neuigkeit oder einer Geschichte neugierig zu machen, so dass sie deine Projektseite aufrufen. Je persönlicher und authentischer das Projekt vorgestellt wird, umso eher wird sich die Crowd mit deiner Idee identifizieren und dich unterstützen.

Offline-Kanäle: Presse, Flyer, Veranstaltungen

Wenn du Pressekontakte hast, lohnt es sich auch Journalisten über dein Projekt zu informieren. Einige Projektstarter organisieren auch Veranstaltungen oder Konzerte, um ihre Community einzuladen und persönlich von ihrem Crowdfunding-Projekt zu berichten. Insbesondere bei Projekten mit einer regionalen Ausrichtung bietet es sich an, Flyer oder Plakate zu drucken und diese in deiner Umgebung zu verteilen. Nischenprojekte oder lokale Projekte können hier ihren Vorteil nutzen, da sie ihre Zielgruppe gut eingrenzen können.

Kommunizieren und erinnern

Wenn die Uhr in der Finanzierungsphase tickt, erinnere dein Netzwerk regelmäßig an dein Crowdfunding-Projekt, indem du Neuigkeiten oder andere Geschichten veröffentlichst. Hier ist es wichtig, das richtige Maß zu finden - schließlich möchtest du deinen Fans und Unterstützern nicht auf die Nerven gehen. Wir empfehlen dir im Vorfeld einen Themenplan zu erstellen und zu planen wann du die Inhalte über welche

Startnext recommendations for communication with supporters
(URL: <https://www.startnext.com/hilfe/handbuch.html>) (as of 04/12/15).

Crowdfunding - Schritt für Schritt

1. Entwurfsphase: Projekt vorbereiten

Mit dem Klick auf "Projekt starten" kannst du dein Projekt Schritt für Schritt anlegen. Auf deiner Projektseite findest du auf der linken Seite das Interface zum Bearbeiten deines Projekts. Hier kannst du dein Projekt beschreiben, das Fundingziel und die Laufzeit festlegen, das Pitch-Video und die Bilder sowie Dankeschöns hinzufügen. Du hast auf Startnext die Möglichkeit, dein Projekt auf Deutsch und Englisch einzustellen.

Dein Entwurf ist nicht öffentlich sichtbar und du kannst alle Angaben bis zum Beginn der Finanzierungsphase noch ändern. Über dein Profil kannst du dein Projekt immer aufrufen und weiterhin bearbeiten. Wenn du dein Projekt neu lädst, siehst du wie sich deine Projektseite mit den Informationen füllt.

Sobald deine Präsentation fertig ist, kannst du den Wechsel in die Startphase beantragen. Wir prüfen dann, ob dein Projekt die Richtlinien erfüllt. Da wir jede Projektanfrage individuell beantworten, bitten wir um Verständnis, dass du unsere Antwort innerhalb von 3 Werktagen bekommst.

Nutzerprofil legitimieren

Damit du Gelder einsammeln kannst, sind wir gesetzlich dazu verpflichtet, deine Identität festzustellen. Wie das genau funktioniert, erfährst du unter dem Punkt "Legitimation" im Interface.

2. Startphase: Projekt starten

In der Startphase kannst du dein Projekt mit deinem Netzwerk teilen, Feedback einholen und jeder kann Fan deines Projektes werden. Du kannst alle Punkte deiner Projektpräsentation noch bearbeiten und das Feedback von deinem Netzwerk nutzen, um deine Präsentation zu verbessern.

Feedback einholen und Fans begeistern

Ziel der Startphase ist es Feedback von deinen Fans, Freunden und Familie einzuholen, da du in der Finanzierungsphase deine Projektbeschreibung nicht mehr bearbeiten kannst. Sobald du für dein Projekt ausreichend Feedback erhalten hast und deine Projektpräsentation alle Voraussetzungen erfüllt, kannst du den Wechsel in die Finanzierungsphase beantragen.

Startnext Preparation Phase and Starting Phase (URL: <https://www.startnext.com/hilfe/handbuch.html>) (as of 04/12/15).

3. Finanzierungsphase: Projekt finanzieren

Wenn du Unterstützer für dein Projekt gewinnen möchtest, musst du ihnen von deinem Projekt erzählen. Schreibe die Kontakte aus deinem Netzwerk mit einer persönlichen Nachricht an, stelle dein Projekt auf Facebook oder Twitter vor, schreibe einen Newsletter und veröffentliche das Projekt auf deiner Homepage oder deinem Blog. Wenn die Uhr in der Finanzierungsphase tickt, erinnere dein Netzwerk regelmäßig an dein Crowdfunding-Projekt, indem du Neuigkeiten oder andere Geschichten veröffentlichst.

Alles oder nichts

Crowdfunding funktioniert nach dem "Alles-oder-nichts-Prinzip": Du bekommst das Geld nur ausgezahlt, wenn das Fundingziel erreicht wird - andernfalls geht das Geld an die Unterstützer zurück. Projekte können beim Crowdfunding überfinanziert werden, das heißt die Crowd kann dein Projekt so lange unterstützen, bis die Finanzierungsphase abgelaufen ist, auch wenn das Fundingziel vorher schon erreicht wurde.

Projekte werden überfinanziert, wenn viele Unterstützer unbedingt die Dankeschöns haben wollen oder der Starter seine Unterstützer durch ein neues Fundingziel motiviert. Wenn dein Projekt überfinanziert wird, erkläre deinen Unterstützern transparent, wofür du das zusätzliche Geld einsetzen wirst oder wie du dein Projekt verbessern kannst.

In der Finanzierungsphase kannst du deine Projektpräsentation nicht mehr bearbeiten. Du kannst nur noch Dankeschöns bearbeiten, die noch nicht gebucht wurden oder Neue hinzufügen. Wenn sich an deiner Projektbeschreibung etwas ändern sollte, kannst du das mit einem Update transparent machen.

4. Abschlussphase: Projekt abschließen

Dein Projekt ist erfolgreich: Glückwunsch!

Wenn dein Projekt erfolgreich finanziert ist, zahlen wir dir das Geld innerhalb von 14 Tagen aus und du kannst deine Idee realisieren. Du bekommst eine Unterstützerliste mit allen notwendigen Daten zum Versand der Dankeschöns und eine Fundingstatistik.

Die nächsten Schritte:

- **Danke sagen:** Bedanke dich bei allen deinen Unterstützern, die dein Projekt möglich gemacht haben mit einer persönlichen Nachricht.
- **Projekt bestätigen:** Du bestätigst uns, dass du das Projekt, wie auf deiner Projektseite beschrieben, umsetzen kannst.

Startnext Funding Phase and Post-Funding Phase
(URL: <https://www.startnext.com/hilfe/handbuch.html>) (as of 04/12/15).

So starten Sie ein Crowdfunding bei Seedmatch



BEWERBEN SIE SICH BEI SEEDMATCH!

- Zunächst schicken Sie ein Pitch Deck an startups@seedmatch.de >, in dem Sie uns Ihr Unternehmen kurz vorstellen. [Hinweise zum Aufbau des Pitch Decks finden Sie im nächsten Abschnitt >](#).
- Wir evaluieren intern, ob Ihr Geschäftskonzept für ein Crowdfunding auf der Plattform in Frage kommt und geben zeitnah – in der Regel innerhalb von 10 bis 15 Werktagen – nach der Bewerbung eine Rückmeldung.
- Nach einem positiven Feedback schicken Sie uns dann im nächsten Schritt ausführlichere Unterlagen, u.a. einen Businessplan, zu und wir beantworten Ihre individuellen Fragen zum Funding.
- Überzeugt Ihr Konzept, laden wir Sie im letzten Schritt zu Seedmatch ein. Bei diesem Treffen lernen wir uns gegenseitig kennen und wir besprechen das Geschäftskonzept und den Ablauf des Fundings.
- Wenn es keine offenen Punkte mehr gibt, stimmen wir im Nachgang an das Kennenlernen mit Ihnen die Details zum Funding ab, schließen den Fundingvertrag und steigen in unseren standardisierten vier- bis sechswöchigen Vorbereitungsprozess ein.

Seedmatch internal evaluation via Pitch Deck

(URL: <https://www.seedmatch.de/fuer-gruender#prozess>) (as of 04/12/2015).

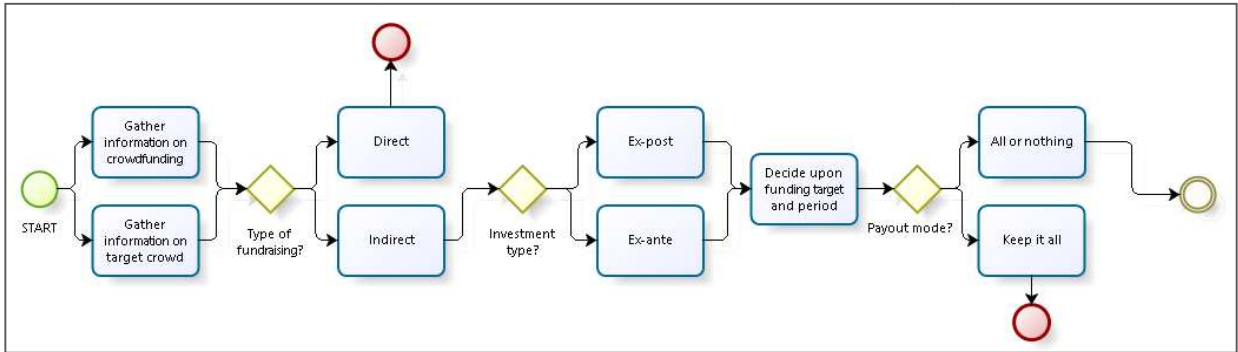


Seedmatch statistics (URL: <https://www.seedmatch.de/fuer-gruender>) (as of 04/12/2015).

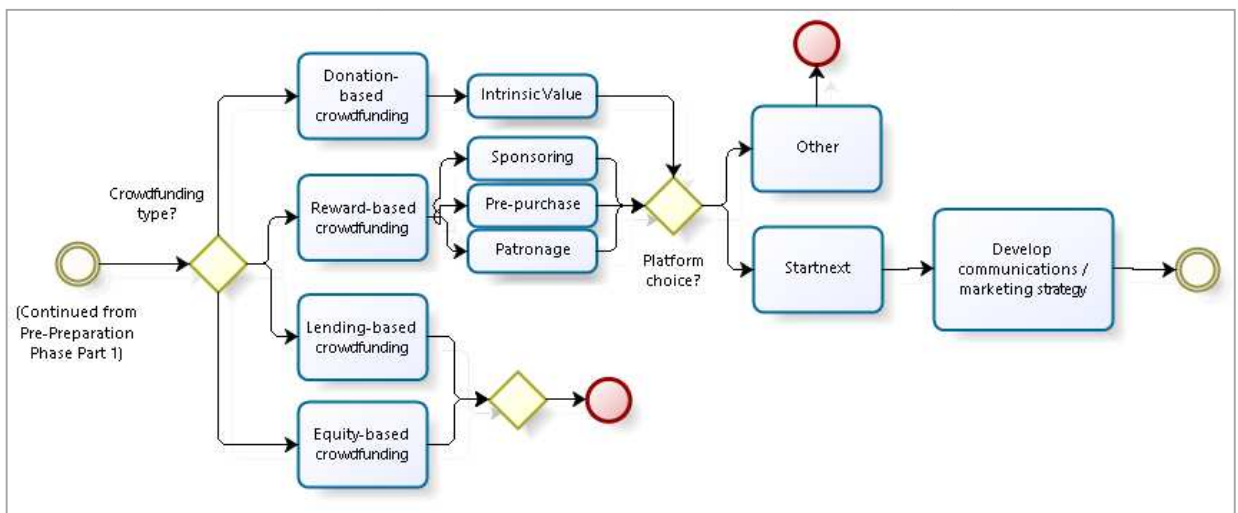
Warum Seedmatch?

- Crowdfunding beim **Marktführer**: Wir haben die größte Investoren-Crowd Deutschlands und Erfahrung aus mehr als 75 erfolgreichen Finanzierungsrunden bei einer Erfolgsquote von über 95 %.
- Theoretisch unbegrenztes Kapital mit einem **Investmentvertrag**, der vom [Wall Street Journal \(Deutschland\)](#) > als „Star der Crowdfinanzierung“ titulierte und für Anschlussfinanzierungen optimiert wurde.
- Faire **Konditionen**: Degressive Kostenstaffelung – und zahlen müssen Sie nur, wenn Ihr Funding auch erfolgreich ist.
- Administrative Aufwände minimieren: **standardisierte Verträge** und ein bewährter, geschlossener Raum für den Austausch mit Ihren Investoren.

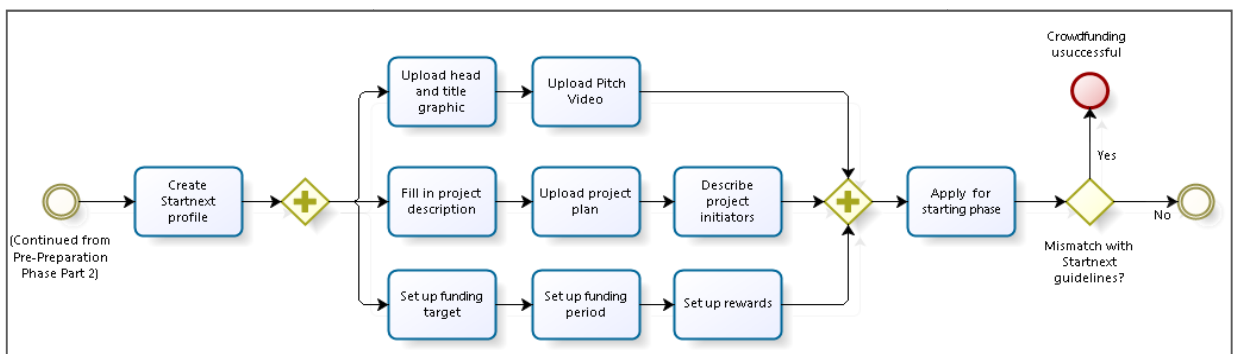
Seedmatch success rate (URL: <https://www.seedmatch.de/fuer-gruender>) (as of 04/12/2015).



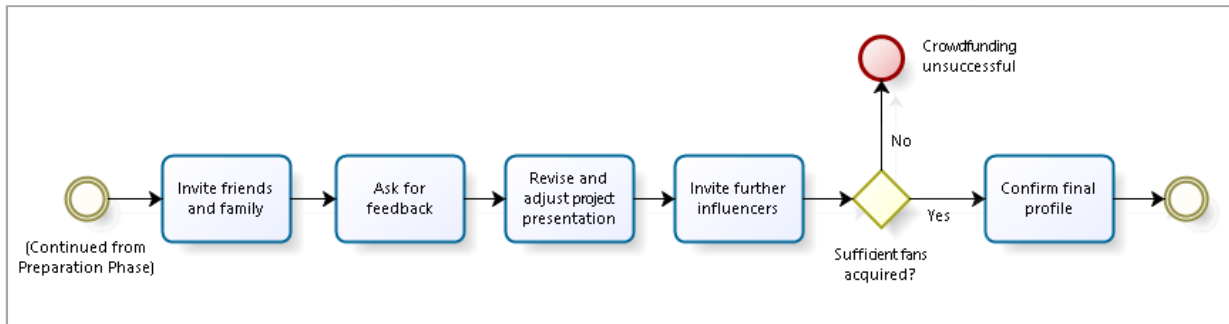
Startnext Crowdfunding Model, Pre-Preparation Phase Part 1 (Tomczak & Brem, 2013, pp. 343ff.; own adjustments).



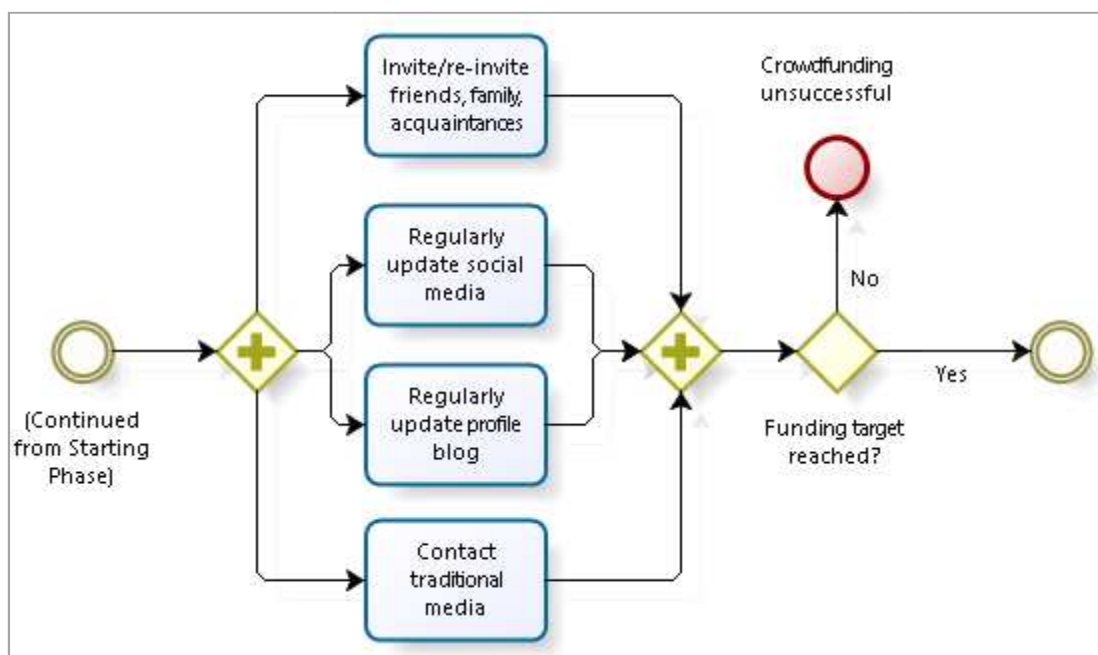
Startnext Crowdfunding Model, Pre-Preparation Phase Part 2 (Tomczak & Brem, 2013, pp. 343ff.; own adjustments).



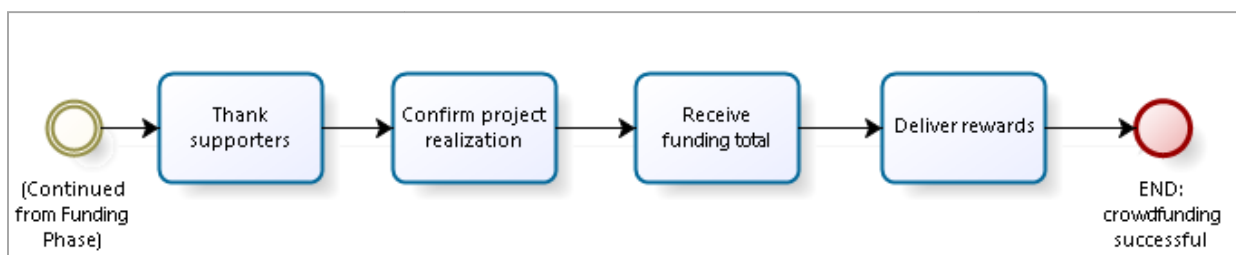
Startnext Crowdfunding Model, Preparation Phase (own illustration).



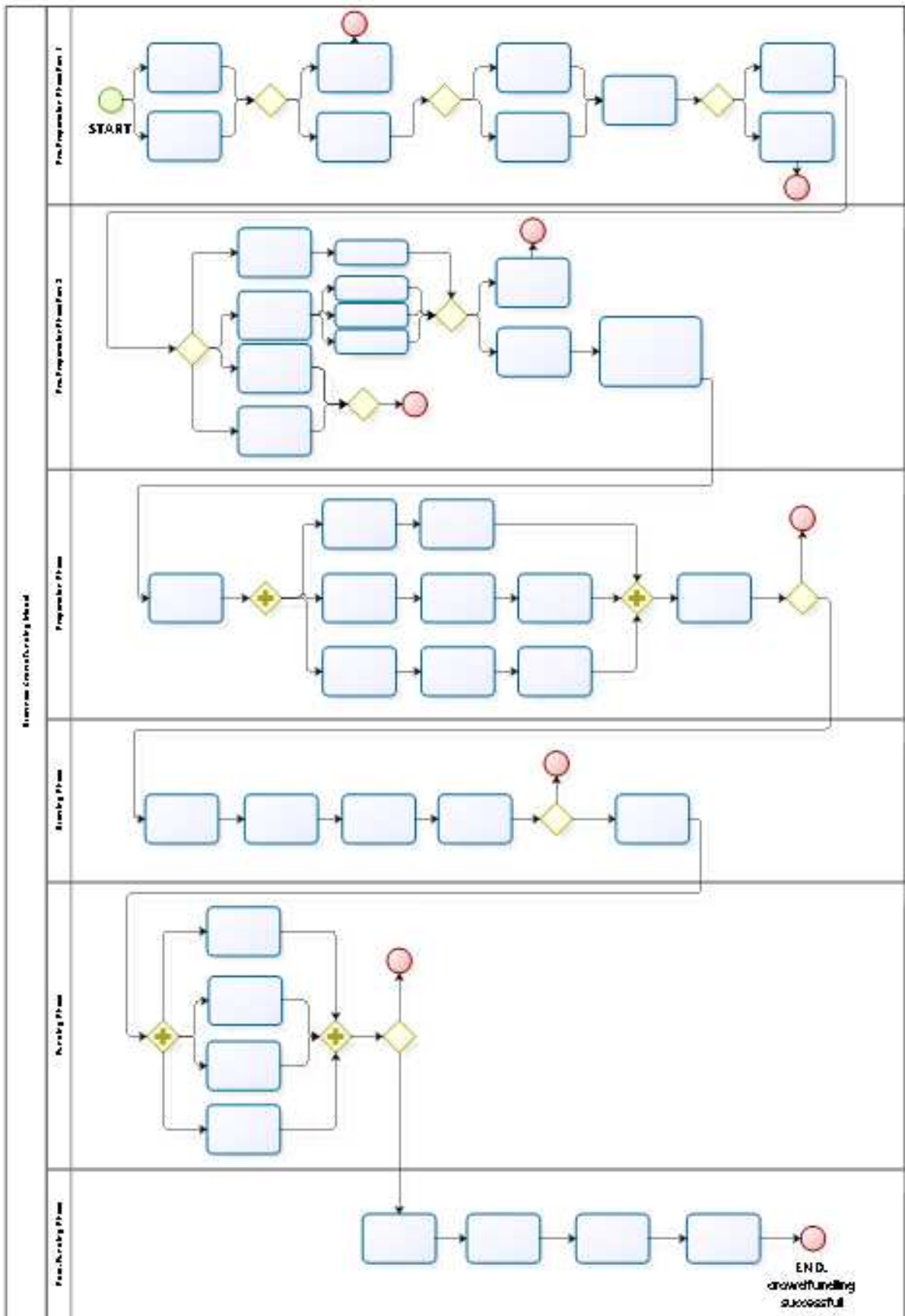
Startnext Crowdfunding Model, Starting Phase (own illustration).



Startnext Crowdfunding Model, Funding Phase (own illustration).



Startnext Crowdfunding Model, Post-Funding Phase (own illustration).



Startnext Crowdfunding Model, Full Model (Starting on the top with Pre-Preparation Phase Part 1 to Pre-Preparation Phase Part 2, Preparation Phase, Starting Phase, Funding Phase and Post-Funding Phase; inscriptions were intentionally excluded for readability reasons) (own illustration).

Eidesstattliche Erklärung

Hiermit erkläre ich, dass ich meine Bachelorarbeit zur Erlangung des Grades Bachelor of Arts (B.A.) mit dem Thema

Crowdfunding and its Applicability to Entrepreneurial Marketing

selbständig und ohne unerlaubte Hilfe verfasst, ganz oder in Teilen noch nicht als Prüfungsleistung vorgelegt und keine anderen als die angegebenen Hilfsmittel benutzt habe. Die Stellen der Arbeit, die anderen Quellen im Wortlaut oder dem Sinn nach entnommen wurden, sind durch Angabe der Herkunft kenntlich gemacht.

Ich erkläre mich damit einverstanden, dass ein Exemplar meiner Bachelor-Thesis in die Bibliothek des Fachbereichs aufgenommen wird; Rechte Dritter werden dadurch nicht verletzt.

Hamburg, 20.04.2015

Burak Gökkaya