European Commission

Crowdfunding

Reshaping the crowd's engagement in culture

Culture

Crowdfunding

Reshaping the crowd's engagement in culture

AUTHORS OF THE STUDY

Isabelle De Voldere, IDEA Consult (Project coordinator)

Kleitia Zeqo, IDEA Consult

PROJECT TEAM

Eveline Durinck, IDEA Consult

Pierre Padilla, IDEA Consult

Kathrin Kohl, ECN

Oliver Gajda, ECN

Markus Chandler, Ecorys

Jakub Gloser, Ecorys

Tim Fox, Ecorys

Joost Heinsius, Values of Culture

Sylvia Amann, Inforelais

The research team would like to thank all the stakeholders that have contributed to the research by sharing their valuable expertise and insights during the interviews, workshops and online DISCUTO process.

EUROPEAN COMMISSION

Directorate-General for Education and Culture

Directorate D – Culture and Creativity

Unit D.1 – Cultural Policy

Contact: DG EAC Unit D.1

E-mail: EAC-UNITE-D1@ec.europa.eu

European Commission

B-1049 Brussels

Disclaimer

This document has been prepared for the European Commission; however, it reflects the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*)**:**

00 800 6 7 8 9 10 11

(*)The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

More information on the European Union is available on the Internet (http://europa.eu).

Luxembourg: Publications Office of the European Union, 2017

ISBN 978-92-79-67975-9

doi: 10.2766/011282

© European Union, 2017

Reproduction is authorised provided the source is acknowledged.

Image(s) © image #298767080. Source: shutterstock.com

ABSTRACT

The impact of digitisation - lowering communication costs and outreach - as well as the cultural shift of people wanting to connect more meaningfully with things they do, has made crowdfunding an increasingly popular method of fundraising and community building. Crowdfunding has witnessed a significant increase in Europe in recent years.

This study examines to what extent crowdfunding is being used in the cultural and creative sectors (CCS) in Europe. Based on a dataset with information from nearly 75,000 CCS crowdfunding campaigns, the study provides a unique insight into the uptake of crowdfunding since 2013 across different CCS subsectors and EU Member States, as well as into the use of different crowdfunding models, average amounts being raised and success rates.

The study shows that running a CCS crowdfunding campaign very often serves other purposes beyond finance, such as audience development, community engagement, skills development, promotion and market research, making it an interesting tool for multiple types of CCS actors, including publicly-owned cultural institutions.

The study also touches upon the development of partnerships between crowdfunding platforms and public and/or private funders, matchfunding schemes and other types of services.

Based on the analysis, the study puts forward recommendations to policy makers on what is needed for crowdfunding to further develop as a multi-purpose tool for CCS practices.

Key words: cultural and creative sectors, access to finance, fundraising, crowd engagement, crowdfunding models, audience development, community building, matchfunding, platform partnerships, market fragmentation, cultural and creative industries, alternative finance.

INTRODUCTION SOMMAIRE

L'impact de la numérisation – entrainant une baisse des coûts de communication et de diffusion - et le virage culturel poussant les gens à donner plus de sens à leurs activités, ont fait du financement participatif un mode de de renforcement des communautés et de collecte de fonds de plus en plus populaire. Depuis quelques années, le financement participatif enregistre une croissance considérable en Europe.

Cette étude examine dans quelle mesure le financement participatif est utilisé dans les secteurs culturels et créatifs (SCC) en Europe. Basée sur une base de données contenant des informations relatives à près de 75.000 campagnes de financement participatif dans les SCC, l'étude offre un aperçu unique du recours, depuis 2013, au financement participatif dans différents sous-secteurs des SCC et États membres de l'UE ainsi que sur l'utilisation de différents modèles de financement participatif, les quantités moyennes collectées et les taux de réussite.

L'étude montre qu'une campagne de financement participatif dans les SCC permet très souvent d'atteindre des objectifs divers, qui dépassent l'aspect purement financier, tels que le développement des publics, l'engagement participatif, le développement de compétences, la promotion ainsi que l'étude de marché. Cela fait du financement participatif un outil intéressant pour de nombreux types d'acteurs des SCC, y compris les institutions culturelles publiques.

L'étude porte également sur le développement de partenariats entre les plateformes de financement participatif et les bailleurs de fonds publics et / ou privés, de mécanismes de cofinancement et d'autres types de services.

Sur base des analyses, l'étude propose des recommandations aux décideurs politiques afin de développer davantage le financement participatif comme un outil polyvalent pour les pratiques des SCC.

Mots-clefs : Les secteurs culturels et créatifs, l'accès au financement, la collecte de fonds, l'engagement participatif, les modèles de financement participatif, développement des publics, renforcement de la communauté, le cofinancement, les partenariats de plateformes, la fragmentation du marché, les industries culturelles et créatives, les sources de financement alternatives.

TABLE OF CONTENTS

Executive Summary 7

Introduction to the study 24

1/ Context and objectives 26

1.1 Access to finance in CCS 26

1.2 A balanced financing mix for culture 28

1.3 Crowdfunding as a leverage for CCS? 29

1.4 Objectives of the study 30

2/ Framework of analysis 32

2.1 Delineation of CCS and crowdfunding 32

2.2 A mixed-methods approach 33

Market analysis of crowdfunding benefitting cultural and creative sectors 34

3/ Crowdfunding for CCS: insights from existing literature 35

3.1 Crowdfunding as an alternative way of finance 35

3.2 Crowdfunding in Europe 36

3.3 Insights from the literature on the current use of crowdfunding in CCS 41

3.4 The CCS crowdfunding landscape: a fragmented market 46

4/ Mapping the use of crowdfunding in cultural and creative sectors in Europe 49

4.1 The uptake of crowdfunding by the cultural and creative sectors 49

4.2 Reasons for (not) using crowdfunding 56

4.3 Characteristics of CCS crowdfunding campaigns 59

4.4 CCS crowdfunding: dream versus reality 92

4.5 The role of backers in CCS crowdfunding 100

4.6 Better information sharing to improve the uptake of crowdfunding for CCS 107

5/ Platforms landscape for the cultural and creative sectors 110

5.1 Online platforms map 111

5.2 The crowdfunding business potential of CCS projects 112

5.3 Platform partnerships 117

5.4 Challenges and barriers to upscaling 123

6/ Crowdfunding as a policy tool to support access to finance in CCS 127

6.1 Public policy maker views on the potential of crowdfunding to improve access to finance for CCS 127

6.2 Policy initiatives to support crowdfunding for the CCS 129

6.3 Matchfunding options for public policy 130

6.4 New opportunities for public cultural institutions through crowdfunding 134

7/ Information asymmetries and fragmentation hampering the uptake of crowdfunding 137

7.1 Systemic information asymmetries leading to lack of trust 137
7.2 Fragmentation between countries and communities 138
7.3 Fragmentation in the CCS financing landscape 138
7.4 A European platform to overcome fragmentation? 139

Conclusions and Recommendations for policy action 141

8/ Conclusions 142
8.1 CCS Crowdfunding is still in an early stage of adoption 142
8.2 Remaining challenges to move to the tipping point of mass adoption 144
9/ Recommendations for further EU action 145
9.1 Raise awareness about the potential of crowdfunding 145
9.2 Create trust 146
9.3 Stimulate skills development 147
9.4 Support matchfunding 148
9.5 Support the linking of (international) financial communities 149

ANNEXES 151

1/ Bibliography 152
2/ Methodological notes 161
3/ Crowdsurfer filters 174
4/ List of Platforms Identified for Crowdsurfer Dataset 179
5/ Community validation of the action plan: the DISCUTO Dialogue 185
6/ Conference 197
7/ Supporting communication material 199

Executive Summary

Crowdfunding: reshaping the crowd's engagement in culture

The impact of digitisation - lowering communication costs and outreach - as well as the cultural shift of people wanting to connect more meaningfully with things they do, has made crowdfunding an increasingly popular method of fundraising and community building. Crowdfunding has witnessed a significant increase in Europe in recent years.

At the same time, in the cultural and creative sectors (CCS) the funding appetite has been growing – also as an aftermath of post financial crisis budgetary cuts. However, traditional finance institutions, such as banks, have remained sceptical towards the CCS and access to finance remains a core barrier to the further development of many professionals and organisations in the CCS.

At the crossroads of these developments, crowdfunding emerged as an innovative method of finance for CCS actors, changing the traditional lender-borrower relationship and opening new ways for donating, investing and lending. In fact, the CCS have been among the early adopters of crowdfunding. This can be seen by the numerous platforms dedicated to cultural and creative projects that have emerged since 2009.

75,000 CCS crowdfunding campaigns launched since 2013

European creatives and cultural organisations have launched around 75,000 campaigns since 2013.

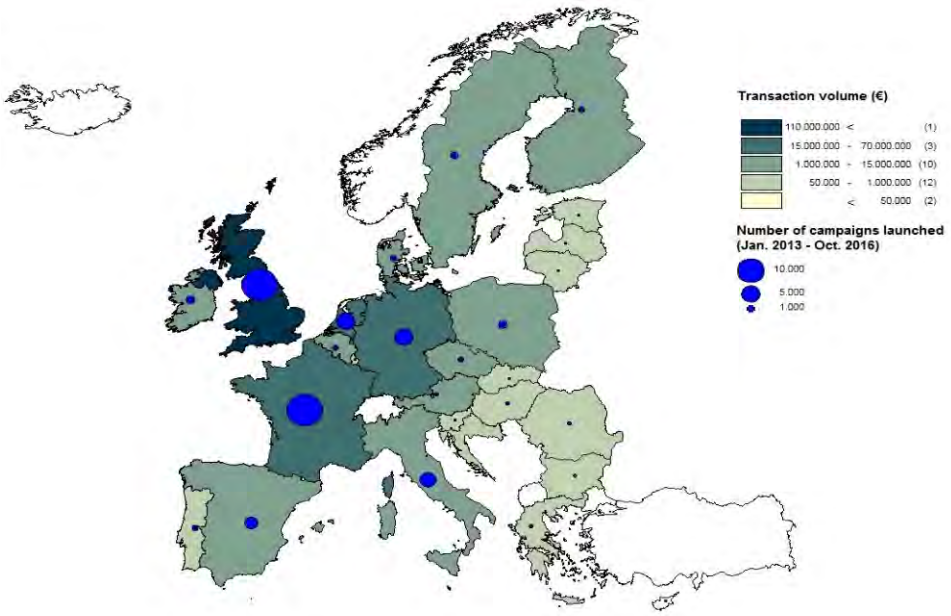
According to our data, half of the CCS crowdfunding campaigns were successful in reaching their goal. In total, some €247 million has been raised by the crowd for CCS activities. However, the funding appetite appears to be way bigger. The €247 million represents only 7% of the total amount pledged (around €3.4 billion), leaving a gap of more than €3 billion of funding needs.

In terms of financing volume, looking at the uptake of crowdfunding in the different subsectors of the CCS, Film & Audiovisual (33% of campaigns and 29% of transaction volume), together with Music (22% of campaigns and 17% of transaction volume), account for more than half of the campaigns. Only a minority of CCS crowdfunding campaigns come from the Gaming sector (2%), Architecture (2%) or Heritage (less than 1%)[1].

Although creatives all over Europe are using crowdfunding as an alternative method of finance, 66% of all CCS campaigns and 63% of the total transaction volume in the period 2013-October 2016 originate in two countries: the UK (36% of campaigns and 41% of transaction volume) and France (30% of campaigns and 22% of transaction volume).

Despite Europe being home to around 600 crowdfunding platforms, almost half of the CCS campaigns (47%) initiated by a European project holder were hosted on global US-based platforms, in particular on Kickstarter and Indiegogo that have a global outreach.

[1] The Crowdsurfer dataset lacks data about a number of crowdfunding campaigns such as the ones run on the French platform Dartagnan that specialises in cultural heritage projects, as well as from the serial crowdfunding campaigns by the Louvre, f.ex.. Correcting for this data gap however, we assume that the uptake of crowdfunding in the domain of cultural heritage is still much lower than in other CCS-subsectors.



Source: IDEA Consult, based on Crowdsurfer data

Great majority of campaigns use reward- or donation-based models

The majority of the CCS use crowdfunding to (co-)finance a specific creative project. Crowdfunding is used to a lesser extent to (co-)finance the development of an organisation (structural finance). This is also translated in the types of crowdfunding being used and amounts raised. Contrary to the general trend in crowdfunding where peer-to-peer lending has become the leading model, the majority (88%) of CCS projects use the rewards model for their campaigns in the period covered in this study. Donation crowdfunding is the second most popular model, accounting for 8% of projects launched. Crowdfunding for peer-to-peer lending, as well as equity crowdfunding, have only been used marginally (with the UK being the frontrunner).

The average amounts raised with donation-based or reward-based crowdfunding campaigns are, however, very modest, reaching around €4,200 and €6,200 per campaign respectively in 2016. This is far less than the average amounts raised in successful loan (approx. €45,400) and especially equity campaigns (approx. €170,700).

Crowdfunding is about more than just funding

Setting up and managing a good crowdfunding campaign is a demanding process which requires numerous resources from creatives and cultural organisations (communication, business plan, storytelling, marketing, community building, etc.). With the average amounts raised being around €6,200, one is left to ponder about the cost-benefit balance of CCS crowdfunding and its role in supporting the sustainable development of professionals and organisations in the CCS.

But the study shows that crowdfunding has a leverage effect that can go beyond the funding of one project. 80% of the CCS actors surveyed in the study, highlight that they experienced at least one other benefit from running a crowdfunding campaign beyond the finance. CCS actors use crowdfunding as a tool for:

- (co-)financing a specific creative project, in the absence of other available finance,
- matching other types of finance,
- audience development,
- community building,
- internal strategy and skills development,
- communication and marketing, and
- market research.

Publicly-owned cultural institutions particularly use crowdfunding for audience development and crowd engagement. Crowdfunding is important both for creative industries, cultural actors as well as for publicly-owned and -funded cultural institutions such as museums, opera houses and other cultural institutions. Especially in

heritage, publicly-owned institutions often have a unique mix of assets to use in crowdfunding campaigns: a strong story, an emotional connection with their audience and a sense of urgency to buy or restore a specific piece of heritage that is worth safeguarding for society at large. Numerous successful campaigns set up by museums across Europe illustrate the potential of crowdfunding in this context and the power of crowdfunding to create benefits beyond funding.

Publicly-owned institutions, however, still make less use of crowdfunding compared to their private counterparts. On the other hand, there are interesting examples of public sector support and cooperation with CCS crowdfunding platforms, in terms of financing training sessions and coaching for CCS for their crowdfunding campaign, as can be seen in examples[2] presented in this study.

In order to better support creatives and cultural organisations with their campaigns, platforms increasingly build partnerships with third parties to provide training on fan base engagement, audience development, etc.

A new tool for policy makers

Policy makers across Europe indicate that they have taken (or plan to do so in the next two years) policy initiatives to support crowdfunding for the benefit of the CCS, with a primary focus on policy initiatives for adapting/improving crowdfunding regulation and public awareness raising initiatives on crowdfunding for the CCS.

An interesting phenomenon in Europe is the development of partnerships between crowdfunding platforms on the one hand and public and private funders (including traditional banks, private investors, philanthropic organisations, foundations, etc.) on the other hand to set up matchfunding schemes and other types of partnerships. Through matchfunding public authorities can work with the crowd to determine which projects are worth funding, thus introducing more direct democratic decision making with respect to culture spending through crowdfunding. By backing a crowdfunding campaign which has been selected for public matchfunding, local communities also become more engaged with the production process of cultural content. At the same time, the study highlights that policy makers should pay attention to set clear selection criteria for matchfunding that reflect the policy priorities with respect to culture and that ensure a level playing field in the competition for matching funds based on an equitable set of criteria.

Policy makers across Europe are only starting to explore the possibilities of matchfunding. Many matchfunding initiatives are still at the experimental learning stage. It is important that policy makers are knowledgeable about the potential benefits and limitations of crowdfunding to provide the appropriate support framework for the further development of the CCS, and to think beyond traditional funding silos, also when it comes to the funding of cultural institutions that are publicly governed.

Information asymmetries and fragmentation hampering the further uptake of crowdfunding

Based on our analysis, we can say that in the last five years the use of crowdfunding in the CCS has been growing significantly and the crowdfunding landscape has evolved rapidly, with many (small) platforms popping up across Europe alongside the strong US-based global platform Kickstarter to host CCS crowdfunding projects.

At the same time, we observe interesting partnerships being set up between platforms and public and private partners to match crowdfunding with other types of funding, or to support the professionalisation of the use of crowdfunding by CCS actors.

But although crowdfunding is slowly introducing itself as an alternative means of financing in European CCS, its adoption is still rather modest, and even minimal, in a number of European countries. The uptake is not equally spread across Europe, with only a few countries accounting for a large part of the activities. Moreover, the uptake of crowdfunding is not equally spread across the different cultural and creative sectors either. If we were to evaluate

[2] See examples presented in this study such as Voordekunst or Nordstarter. See https://www.crowdfunding4culture.eu/case-studies

crowdfunding according to Rogers' framework on 'diffusion of innovation'[3] (2003), we can say that the adoption of crowdfunding in the CCS is still in an early stage.

CCS actors are in general aware about the existence of crowdfunding. However, further knowledge about crowdfunding (models, platforms, costs, etc.) and its implementation is still limited on the side of both CCS actors, (potential) backers and policy makers. This lack of knowledge in combination with unsuccessful experiences with crowdfunding (due to a lack of skills) leads to a lack of trust to make good use of crowdfunding. For backers, this lack of trust is further deepened by a lack of transparency on the side of project holders about their competences and intentions, as well as about the potential risks related to crowdfunding. Lack of transparency about existing tax regimes and payment systems further fuels the lack of trust in crowdfunding.

Also concerning the crowdfunding platforms, the landscape is highly fragmented. Most platforms specialise in niche markets and operate only in specific regions or cities. This structure is reflective of the cultural diversity in Europe, and allows the platforms to develop a strategy and business model tailored to the local needs of CCS actors, backers and policy makers (in terms of network of contacts, familiarity with the ecosystem and relevant policy framework, language, payment systems, etc.). Operating in niche markets can have complementary effects to global markets, but can on the other hand also limit opportunities for crowdfunding platforms to scale up.

There is a wide spectrum of different crowdfunding platforms working with different business models, fee structures, different degrees of public sector involvement, different geographical coverage, different sectors and different services offered. It is also interesting to note that crowdfunding campaigns can also happen without a third party platform, where CCS collect funding directly from their own online channels.

From the market analysis, we find that although crowdfunding provides opportunities for CCS practices, there are still important barriers that currently hinder its further adoption:

- uncertainties about the cost-benefit balance of crowdfunding makes the evaluation of the relative advantage of crowdfunding as a financing tool unclear;
- running a crowdfunding campaign successfully requires a specific set of skills that CCS actors have to develop (or insource), despite the fact that - with the exception of equity crowdfunding[4] – crowdfunding is a fairly accessible tool to test compared to other types of market finance, where often business and financial plans are required, next to collateral;
- although crowdfunding is recognised as an interesting tool for community building and audience development, it requires upfront investments to experiment with it and the impact is uncertain;
- the compatibility of crowdfunding with public funding appears to be a pre-condition for the further adoption of crowdfunding, but policy makers' experiments with matchfunding in the CCS are still very limited;
- uncertainties about the fiscal treatment of money collected through crowdfunding adds to the hesitance to adopt crowdfunding;
- the majority of CCS platforms in Europe operate in very small niche markets, thus hindering them to upscale to a cost-efficient size and benefit from economies of scale. This leaves many European platforms in a vulnerable economic situation; and
- although crowdfunding has the possibility to serve as a tool for market research or as a market signal (e.g. proof of concept) towards other financiers, it is currently rarely considered - in the first place by CCS actors themselves - as a stepping stone from project-based finance (e.g. through reward-based crowdfunding) towards more longer term organisation finance (e.g. through loans or equity). For crowdfunding to become an integral part of the CCS financing mix, it would need to link project-related finance to longer term organisation-related finance (e.g. through lending or equity finance). However, evolving from more ad hoc project finance to longer term organisation-related finance remains challenging for many CCS actors, and would require a better 'financial literacy' of CCS actors and better business plans. This is also reflected by the small number of platforms that specialise in supporting the upscaling of CCS organisations through crowd-lending and crowd–equity in Europe.

---

[3] Rogers, E. (2003) (first edition: 1962), The diffusion of innovation. He distinguishes the following groups of adopters: innovators, early adopters, early majority, late majority, and laggards. The criterion for the adopter categorisation is innovativeness, defined as the degree to which an individual adopts a new idea.

[4] for equity crowdfunding, the barriers to make use of it do not appear to be substantially lower compared to attracting equity finance from the traditional investors community, as similar screening mechanisms are being used before a project can go online.

Recommendations for action

To support the further diffusion of crowdfunding in the CCS in Europe, five areas have been identified that would benefit from policy actions at the local, regional national or European level: awareness raising, trust creation, skills development, matchfunding and connecting (international) financial communities.

▶ Raise awareness about crowdfunding

Access to crowdfunding *per se* still remains a barrier for the CCS, who are not very well aware of what crowdfunding is, how it works, what the key success factors are and who the platforms are. Also, intermediary organisations and policy makers should be more aware of how to treat crowdfunding in their communication, policy development and guidance towards CCS. Also traditional investors should be more aware of the potential of crowdfunding as a market signal for further investments. The 'lack of information on crowdfunding' with the potential adopters is highlighted as a main barrier for the uptake of crowdfunding and the up-scaling of platforms.

We recommend that actions at the EU level with respect to awareness raising focus primarily on:

- supporting the continuation and further expansion of a European information portal on CCS crowdfunding (e.g. the crowdfunding4culture portal), that centralises information on everything related to crowdfunding in the CCS and presents it in a coherent manner. The information should highlight both the financial and other benefits of crowdfunding for CCS actors and policy makers;
- supporting the development of a European access2finance portal for CCS that is an information hub raising awareness on all types of finance that can be relevant in the financing mix of CCS actors, and make crowdfunding (and thus the European information portal on CCS crowdfunding) an integral part of it;
- supporting the organisation of events on crowdfunding and access2finance for CCS, or the organisation of prizes to facilitate exchange of experiences and networking among CCS actors, crowdfunding platforms, public policy makers and private foundations/investors, with special attention to actors from countries and sub-sectors that lag behind in terms of the uptake of crowdfunding. In the exchange of experiences, it is recommended that there is sufficient focus on the benefits of crowdfunding beyond finance as well as on the better integration of (crowd-)lending and (crowd-)equity in the ecosystem;
- ensuring that information available at the Creative Europe Desks also includes crowdfunding, pointing at both the funding opportunities and opportunities for audience development and community building;
- promoting the integration of information at the European level on crowdfunding (VAT, tax, model, platform costs, benefits beyond finance, etc.) for CSS actors; and
- pro-actively promoting knowledge accumulation on crowdfunding for the CCS at the level of policy makers, through communication and by bringing together policy makers to stimulate exchange of experiences and barriers (e.g. through the OMC instrument). The exchange should not only focus on knowledge accumulation for better policy development, but also on knowledge accumulation about the potential use of crowdfunding for the benefit of publicly-owned cultural institutions and the CCS at large.

▶ Create trust

Beyond raising awareness, as important for the effective diffusion of crowdfunding in the CCS is the issue of trust. However, the market analysis and interviews shows that due to a lack of (transparent and comparable) information about crowdfunding and the costs related to it, there is still a significant level of mistrust with respect to crowdfunding.

We recommend that EU actions with respect to trust creation focus primarily on:

- promoting more transparency of crowdfunding platform operations and more harmonised reporting of campaign and platform performances. We recommend that the EC promotes and facilitates the creation of a Code of Conduct that ensures transparent and comparable reporting of key performance indicators from platforms;
- encouraging member states to provide clear VAT and tax guidelines for CCS crowdfunding, and this for the different types of crowdfunding;

- encouraging EU Member States to act as lead adopters of CCS crowdfunding, by stimulating them to experiment with crowdfunding in publicly governed cultural institutions, but also by promoting the exploration of different possible public sector support measures in collaboration with crowdfunding platforms (such as setting up a public (or public-private) CCS crowdfunding platforms, financing training sessions and coaching for CCS for crowdfunding campaigns, or matchfunding as a tool to leverage public spending in the CCS). To this end, the active sharing of good examples of public sector – platform cooperations, practices and lessons learnt, can work as an important source of inspiration and a basis to further explore possible synergies between public authorities, platforms and CCS actors;
- sharing practices and lessons learnt (e.g. through impact assessments) among policy makers about potential measures to stimulate the use of different types of crowdfunding such as f.ex. a favourable tax scheme for crowdlending, guarantee schemes, tax deduction for crowd-donations, etc.;
- investing in independent data gathering – both quantitative and qualitative – to provide ~~continues~~ information updates on the number of campaigns launched, keeping in mind sectorial differences, the number (and characteristics) of backers as well as amounts raised (observatory function); and
- (financially) supporting the research community to further develop adequate indicators and monitoring systems that allow them to further deepen insights on CCS crowdfunding developments.

▶ Stimulate skills development

Many CCS actors – including publicly-owned cultural institutions - face a gap in competences when it comes to accessing crowdfunding, especially with regard to entrepreneurial (including (strategic and financial) management and communication) skills and culture, both needed for assessing the organisation's needs and running a successful campaign. On the side of policy makers, specific skills are needed to effectively adapt the policy framework to support the uptake of crowdfunding, to set up new types of partnerships that might benefit the uptake of crowdfunding in the CCS and to rethink the funding system for CCS activities.

In order to encourage skills development for CCS crowdfunding (beyond the awareness raising efforts), we recommend that EU actions focus primarily on:

- stimulating intermediary organisations to develop adequate material and training about crowdfunding (what, opportunities and challenges) for their relevant target group(s);
- supporting intermediary CCS organisations to further promote entrepreneurial and business skills as an integral part of CCS actors' curriculum in general, as well as non-formal skills development specifically targeted at CCS (such as the peer-to-peer exchange programme[5] under the European creative hubs programme), including the promotion of crowdfunding as a tool for entrepreneurial and business skills development;
- encouraging the integration of financial and business literacy in CCS education or training channels, such as incubators, to strengthen the financial capacity of CCS actors to enable the sector to also better tap into the possibilities of (crowd-)lending and (crowd-)equity where relevant and suitable for the sector and attract larger amounts and more longer term finance; and
- providing specific grants and coaching for CCS actors to develop (European) crowdfunding campaigns.

▶ Support matchfunding

Although matchfunding - where public funding is matched with online crowdfunding - is attracting increasing interest from public and private institutions, policy makers across Europe, as well as private fund organisations should be made more aware of the possibilities (and limitations) to match their funding with crowdfunded projects.

In order to encourage matchfunding schemes, we recommend that EU actions focus primarily on:

- information gathering and online sharing on the characteristics of matchfunding (different models, guidelines for application, etc.) and on existing initiatives across countries, to raise awareness;

[5] http://creativehubs.eu/news-p2p-round2/

- facilitating interaction and cooperation between relevant actors for partnerships, including local/regional authorities and relevant government agencies, private funding organisations, and crowdfunding platforms;
- initiating exchange of policy practices to stimulate policy learning with local and regional authorities across Europe about the use of matchfunding (different models, importance of clear selection criteria, limitations, etc.), with particular attention to involve policy makers from regions/countries where crowdfunding's potential remains to be explored; and
- launching a European matchfunding initiative to match EU funding with crowdfunding. The initiative should also be easily accessible for small CCS actors (i.e. low administrative burden) and should be reflective of EU funding priorities and criteria, where a selection body is responsible for choosing campaigns eligible for matchfunding. Matchfunding can also be used to raise awareness with CCS actors about other relevant EU funding schemes.

- **Support the linking of (international) financial communities**

Crowdfunding has the potential to lower the existing information asymmetries that have a structural negative influence on the access to market finance (lending, equity finance) for CCS actors. However, crowdfunding in the CCS is currently insufficiently integrated in the broader financing landscape (with the exception of equity crowdfunding).

In order to encourage the link between the crowdfunding community and other financial communities, EU actions should focus primarily on:

- tackling bottlenecks in the regulatory framework that prevent the use of cross border crowdfunding and the upscaling of crowdfunding platforms in Europe;
- stimulating the dialogue in the fragmented CCS crowdfunding platform landscape (primarily organised at regional/local level and reward-based) to explore possibilities to better link the current donation- and reward-based crowdfunding landscape to lending and equity finance (not only crowd-lending and crowd-equity), and tackle the barriers;
- sharing information about the objectives and goals of Creative Europe's CCS Guarantee Facility among crowd–lending platforms to help them to reach an informed decision on applying for this market-driven financial instrument, which is now mainly used by more traditional financial intermediaries (banks or guarantee companies);
- facilitating information sharing and capacity building on CCS finance between different types of financial actors (platforms, venture capital, business angels, social impact investors, etc.):
  - as a minimum, the European Commission/EIF could incorporate information about crowdfunding and its potential as a matchfunding tool in the capacity building programme for financial intermediaries that participate in the CCS Guarantee Facility programme;
  - more generally, information about crowdfunding could be included in information on access to finance for the CCS entities (e.g. on the above mentioned European access2finance portal); and
  - towards the equity/high risk finance market, knowledge sharing and accumulation can focus on the potential of crowdfunding as a tool to evaluate the market potential of a business concept or more general as a tool to lower information asymmetries about the entrepreneurial capabilities of CCS actors in need of equity finance, that can positively influence the risk assessment.

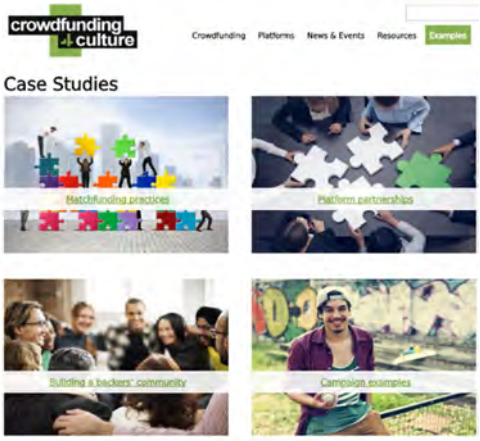
About the study

The study "Crowdfunding: reshaping the crowd's engagement in culture" maps and analyses how crowdfunding is currently being used for the benefit of cultural and creative activities, and evaluates to what extent barriers hamper the further integration of crowdfunding in the financing mix and broader practice of CCS actors.

The analysis is built on a mixed-method approach. As the topic of crowdfunding for CCS touches upon the interest and activities of several stakeholder groups (CCS actors, intermediary organisations supporting CCS actors, crowdfunding platforms, backers and policy makers), the research combined the perspectives of each of these stakeholder groups to come to a 360° analysis. The research involved literature review, stakeholder interviews, data and case study analysis, surveys, expert workshops and crowdsourcing on barriers and options for policy action.

The study is accompanied by a website – www.crowdfunding4culture.eu – that has been developed as a European information hub on everything related to crowdfunding for culture. The website contains among others:

- a map of all crowdfunding platforms across Europe (including comparative information on the crowdfunding models being used, costs of use, etc.) that have a specific focus on the Cultural and Creative Sectors;
- a repository of case studies that have been developed in the context of this study; and
- an inventory of interesting events, news, tools and studies that relate to crowdfunding for the CCS.



Le financement participatif : repenser l'engagement participatif dans le secteur culturel

L'impact de la numérisation – entrainant une baisse des coûts de communication et de diffusion - et le virage culturel poussant les gens à donner plus de sens à leurs activités, ont fait du financement participatif un mode de de renforcement des communautés et de collecte de fonds de plus en plus populaire. Depuis quelques années, le financement participatif enregistre une croissance considérable en Europe.

Parallèlement, l'appétit de financement des secteurs culturels et créatifs (SCC) a augmenté, notamment en raison des restrictions budgétaires qui ont suivi la crise financière. Cependant, les établissements financiers traditionnels, comme les banques, demeurent sceptiques à l'égard des SCC et l'accès à un financement reste un obstacle majeur au développement de nombreux professionnels et organisations des SCC.

Situé à la croisée de ces enjeux, le financement participatif est apparu comme une méthode innovante de financement pour les acteurs des SCC, en modifiant la relation classique prêteur-emprunteur et en ouvrant de nouvelles voies au don, à l'investissement et au prêt. En effet, les SCC ont été parmi les premiers à adopter le financement participatif, comme le prouvent les nombreuses plateformes dédiées aux projets culturels et créatifs qui ont été créées depuis 2009.

75 000 campagnes de financement participatif SCC lancées depuis 2013

Les organisations créatives et culturelles européennes ont lancé environ 75 000 campagnes depuis 2013.

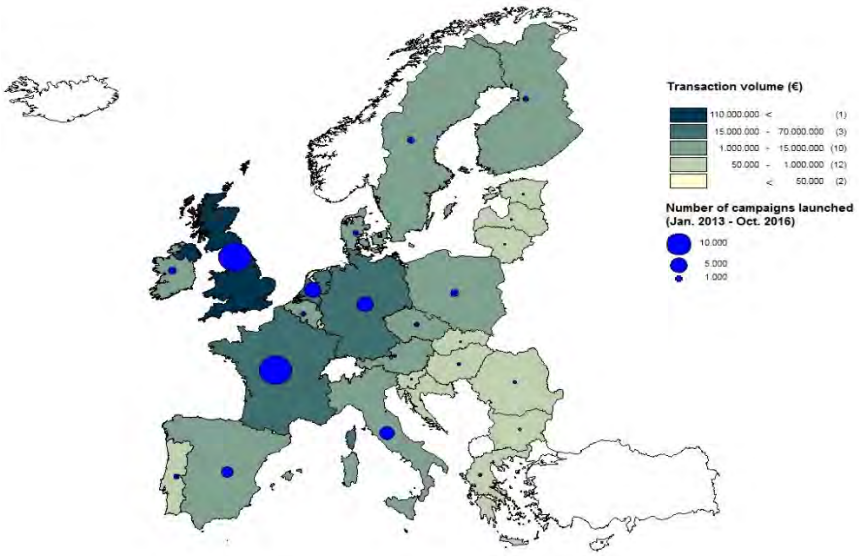
Nos données indiquent que la moitié des campagnes de financement participatif SCC ont été fructueuses et ont atteint leur objectif. Au total, les SCC ont ainsi collecté quelque 247 millions d'euros pour financer leurs activités. Toutefois, les besoins de financement excèdent largement ce chiffre. Ces 247 millions d'euros ne représentent que 7 % du montant total promis (environ 3,4 milliards EUR), soit un manque de financement de plus de 3 milliards d'euros.

En termes de volume de financement, l'examen du recours au financement participatif dans les différents sous-secteurs des SCC montre que le cinéma et l'audiovisuel (33 % des campagnes et 29 % du volume de transactions) et la musique (22 % des campagnes et 17% du volume de transactions), représentent plus de la moitié des campagnes. Seule une minorité de campagnes de financement participatif SCC émanent du secteur des jeux (2 %), de l'architecture (2 %) ou du patrimoine (moins de 1 %)[6].

Si, partout en Europe, les secteurs créatifs utilisent le financement participatif comme moyen alternatif de financement, deux pays sont à l'origine de 66 % de toutes les campagnes SCC et de 63 % du volume total de transactions de la période 2013-octobre 2016 : le Royaume-Uni (36 % des campagnes et 41 % du volume de transactions) et la France (30 % des campagnes et 22 % du volume de transactions).

Bien que l'Europe héberge environ 600 plateformes de financement participatif, près de la moitié des campagnes SCC (47 %) initiées par un porteur de projet européen ont été hébergées par des plateformes internationales basées aux États-Unis, en particulier par Kickstarter et Indiegogo qui ont une portée mondiale.

[6] Le Crowdsurfer manque de données concernant plusieurs campagnes de financement participatif, comme celles gérées sur la plateforme française Dartagnan qui est spécialisée dans les projets liés au patrimoine culturel, et les campagnes de financement participatif régulières du Louvre, par ex. Mais même en tenant compte de ce manque de données, nous estimons que le recours au financement participatif dans le domaine du patrimoine culturel est beaucoup plus faible que dans les autres sous-secteurs des SCC.



Source : IDEA Consult, d'après des données Crowdsurfer

La plupart des campagnes sont basées sur les principes de la contrepartie ou du don.

La majorité des SCC utilisent le financement participatif pour (co)financer un projet créatif spécifique. Dans une moindre mesure, ce type de financement est utilisé pour (co)financer le développement d'une organisation (financement structurel). Cela transparaît également dans les types de financement participatif utilisés et les montants collectés. Contrairement à la tendance générale du financement participatif où le prêt aux particuliers (pair-à-pair, ou peer-to-peer lending) est devenu le modèle principal, pendant la période couverte par la présente étude la majorité (88 %) des projets SCC ont utilisé le modèle du don avec contrepartie pour leurs campagnes. Le don, qui représente 8 % des projets ainsi financés, occupe le deuxième rang des modèle les plus utilisés. Le financement participatif pair-à-pair, ainsi que le financement participatif en capital, n'ont été utilisés que marginalement (le Royaume-Uni se situant en tête).

Cependant, les montants moyens collectés par les campagnes de financement participatif basées sur le don ou sur le don avec contrepartie sont très modestes : ils atteignent respectivement 4 200 EUR et 6 200 EUR environ par campagne en 2016. Ces chiffres sont bien inférieurs aux montants moyens obtenus lors des campagnes de prêt (environ 45 400 EUR) et surtout de financement participatif en capital (environ 170 700 EUR).

Le financement participatif n'est pas seulement une question d'argent

Monter et gérer une bonne campagne de financement participatif est un processus complexe qui exige de la part des organisations créatives et culturelles de multiples ressources (communication, plan d'activités, exposé narratif, marketing, renforcement des communautés, etc.). Les montants obtenus s'élevant en moyenne à environ 6 200 EUR, l'on en vient à s'interroger sur le ratio coût-bénéfice du financement participatif SCC et sur son rôle dans le soutien du développement durable des professionnels et des organisations des SCC.

L'étude montre toutefois que le financement participatif a un effet de levier qui peut aller au-delà du financement d'un seul projet. 80 % des acteurs des SCC interrogés dans le cadre de l'étude soulignent qu'ils ont retiré, outre le financement recherché, au moins un autre avantage de l'organisation d'une campagne de financement participatif. Les acteurs des SCC ont recours au financement participatif comme outil pour :

- (co)financer un projet créatif spécifique, à défaut d'un autre financement disponible,
- compléter d'autres types de financement,
- le développement des publics,
- le renforcement des communautés,
- la stratégie interne et le développement des compétences,
- la communication et le marketing,
- l'étude de marché.

Les institutions culturelles publiques, en particulier, utilisent le financement participatif pour développer les publics et l'engagement participatif. Le financement participatif revêt de l'importance pour les industries créatives, les acteurs culturels, ainsi que pour les institutions culturelles publiques subventionnées par l'État comme les musées, les théâtres lyriques et autres institutions culturelles. Dans le domaine du patrimoine en particulier, les institutions culturelles publiques possèdent souvent une combinaison unique d'atouts à utiliser dans le cadre des campagnes de financement participatif : une histoire forte, des relations émotionnelles avec leur public et la conscience de l'urgence d'acheter ou restaurer un élément déterminé du patrimoine méritant d'être sauvegardé dans l'intérêt général. De nombreuses campagnes fructueuses organisées par des musées à travers l'Europe témoignent du potentiel de financement participatif dans ce contexte et du pouvoir du financement participatif de produire des bénéfices allant au-delà du financement. Or les institutions culturelles publiques continuent à moins recourir au financement participatif que leurs homologues privées. D'autre part, il existe des exemples intéressants de soutien et coopération du secteur public à l'égard des plateformes de financement participatif en termes de séances de formation en matière de financement et de coaching des SCC pour leurs compagnes de financement participatif, comme il ressort de certains cas présentés dans cette étude[7].

Pour mieux soutenir les campagnes des organisations créatives et culturelles, les plateformes établissent de plus en plus des partenariats avec des tiers afin d'offrir une formation sur l'engagement des supporteurs, le développement de publics, etc.

Un nouvel outil pour les décideurs politiques

Les décideurs politiques européens indiquent qu'ils ont pris des mesures politiques (ou prévoient de le faire au cours des deux prochaines années) pour soutenir le financement participatif en faveur des SCC, centrées principalement sur des initiatives stratégiques d'adaptation/ amélioration de la réglementation du financement participatif et des actions de sensibilisation du public au financement participatif des SCC.

Un phénomène intéressant en Europe est le développement de partenariats entre des plateformes de financement participatif d'une part et des bailleurs de fonds publics et privés (y compris des banques traditionnelles, des investisseurs privés, des organisations philanthropiques, des fondations, etc.) d'autre part, pour mettre sur pied des mécanismes de cofinancement et d'autres types de partenariats. Grâce au cofinancement, les pouvoirs publics peuvent travailler avec les participants pour sélectionner les projets méritant d'être financés, en instaurant ainsi une prise de décision plus directe et plus démocratique en matière de dépenses culturelles au travers du financement participatif. En soutenant une campagne de financement participatif sélectionnée aux fins d'un cofinancement public, les communautés locales deviennent également plus engagées dans le processus de production des contenus culturels. Parallèlement, l'étude souligne que les décideurs politiques devraient veiller à fixer, pour la sélection aux fins du cofinancement, des critères clairs reflétant les priorités politiques en matière de culture, et à garantir l'égalité des chances dans la compétition pour l'obtention de fonds de contrepartie sur la base d'une série de critères adéquats.

Pour le moment, les décideurs politiques européens en sont à l'aube de l'exploration des possibilités de cofinancement. De nombreuses initiatives de cofinancement en sont encore au stade de l'apprentissage ou de l'expérimentation. Il importe que les décideurs politiques soient avertis des avantages potentiels et des limites du financement participatif, afin de fournir un cadre d'appui approprié au développement des SCC et d' avoir une perspective plus large que le cloisonnement traditionnel du financement, notamment quand il s'agit du financement d'institutions culturelles publiques.

Les asymétries et la fragmentation de l'information freinent le développement du financement participatif

Notre analyse nous permet de conclure qu'au cours des cinq dernières années le recours des SCC au financement participatif a enregistré une croissance notable et que le paysage du financement participatif a connu une évolution rapide, de nombreuses (petites) plateformes surgissant dans toute l'Europe – à côté de la grande plateforme mondiale Kickstarter basée aux États-Unis – pour héberger des projets SCC de financement participatif.

---

[7] Voir les exemples présentés dans cette étude comme Voordekunst ou Nordstarter. Voir https://www.crowdfunding4culture.eu/case-studies

Nous observons également la création de partenariats intéressants entre des plateformes et des partenaires publics et privés pour associer un financement participatif à d'autres types de financement ou pour soutenir la professionnalisation de l'utilisation du financement participatif par les acteurs des SCC.

Toutefois, si le financement participatif devient peu à peu un moyen alternatif de financement des SCC européens, son adoption reste encore limitée, et même faible dans plusieurs pays de l'UE. Sa diffusion est inégale à travers l'Europe, une grande partie des activités se déroulant dans un petit nombre de pays. En outre, l'adoption du financement participatif est inégalement répandue entre les différentes disciplines culturelles. Si l'on évaluait le financement participatif suivant le modèle de Rogers sur la « diffusion de l'innovation »[8] (2003), l'on aboutirait à la conclusion que l'adoption du financement participatif dans les SCC en est encore aux balbutiements.

Les acteurs des SCC sont en général au courant de l'existence du financement participatif. Mais les connaissances supplémentaires des acteurs des SCC, des bailleurs (potentiels) et des décideurs politiques sur le financement participatif (modèles, plateformes, coûts, etc.) et sa mise en œuvre sont encore limitées. Ce manque de connaissances combiné à des expériences ratées de financement participatif dues au manque de compétences conduit à la crainte de ne pas pouvoir faire un bon usage du financement participatif. Du côté des bailleurs, ce manque de confiance est encore aggravé par le défaut de transparence des porteurs de projet quant à leurs compétences et à leurs intentions, ainsi que par les risques potentiels liés au financement participatif. Le manque de transparence concernant les régimes fiscaux en vigueur et les systèmes de paiement augmente aussi la méfiance à l'égard du financement participatif.

Par ailleurs, en ce qui concerne les plateformes de financement participatif, le paysage est extrêmement fragmenté. La plupart des plateformes sont spécialisées dans des marchés de niche et opèrent uniquement dans des régions ou des villes déterminées. Cette structure reflète la diversité culturelle de l'Europe et permet aux plateformes de mettre en œuvre une stratégie et un modèle de gestion adaptés aux besoins locaux des acteurs de SCC, des bailleurs et des décideurs politiques (en termes de réseau de contacts, de connaissance intime de l'écosystème et du cadre politique pertinent, de langue, de systèmes de paiement, etc.). Exploiter des marchés de niche peut avoir des effets complémentaires à l'exploitation de marchés plus globaux mais peut également limiter les opportunités de croissance pour les plateformes de financement.

Il existe un large éventail de plateformes de financement participatif, qui se différencient en termes de modèle de gestion, structure tarifaire, degré de participation du secteur public, couverture géographique, secteurs couverts et services offerts. Il est également intéressant de noter que les campagnes de financement participatif peuvent également se produire sans plate-forme tierce. Dans ce cas, les CCS collectent des fonds directement à partir de leurs propres sites internet. L'analyse de marché nous amène à conclure que, si le financement participatif procure effectivement des opportunités pour les activités des SCC, d'importantes barrières subsistent et empêchent qu'il soit adopté plus largement :

- les incertitudes quant au ratio coût-bénéfice du financement participatif rend difficile l'évaluation de son avantage relatif en tant qu'outil de financement ;
- mener avec succès une campagne de financement participatif exige un ensemble de compétences spécifiques que les acteurs des SCC doivent acquérir (ou internaliser), malgré le fait que – à l'exception du financement participatif en capital[9] – le financement participatif soit un outil relativement aisé à utiliser comparativement à d'autres types de marchés de financement, pour lesquels des plans financiers et d'activités sont souvent nécessaires, en plus des garanties ;
- le financement participatif est certes reconnu comme un outil intéressant de renforcement des communautés et de développement des publics mais, pour tenter l'expérience, il exige des investissements de départ dont l'impact est incertain ;
- la compatibilité du financement participatif avec le financement public semble être une condition préalable à une adoption plus large du financement participatif, mais les exemples de décideurs politiques pratiquant le cofinancement en ce sens dans les SCC sont encore peu nombreux ;

[8] Rogers, E. (2003) (première édition : 1962), The diffusion of innovation. Il distingue les groupes d'adeptes suivants : innovateurs, adeptes précoces, majorité précoce, majorité tardive, et retardataires. Le critère de catégorisation de l'adepte est l'esprit d'innovation, défini comme le degré auquel un individu adopte une nouvelle idée.

[9] Il semble que les obstacles à l'utilisation du financement participatif en capital ne soient guère moins importants que ceux qui rendent difficile l'accès à un financement en fonds propres par des investisseurs traditionnels, car des mécanismes de sélection similaires sont utilisés avant qu'un projet puisse être mis en ligne.

- l'hésitation à adopter le financement participatif est encore renforcée par les incertitudes liées au traitement fiscal des capitaux collectés par le biais de ce mode de financement ;
- la majorité des plateformes SCC en Europe opèrent sur de très petits marchés de niche, ce qui les empêche d'atteindre une taille d'un bon rapport coût-efficacité et de bénéficier d'économies d'échelle, d'où la situation économique vulnérable dans laquelle se trouvent de nombreuses plateformes européennes ;
- bien que le financement participatif puisse servir d'outil d'étude du marché ou de signal de marché (par ex. : démonstration de faisabilité) à l'égard d'autres financiers, il est, pour le moment, rarement considéré – en premier lieu par les acteurs des SCC eux-mêmes – comme un tremplin pour passer d'un financement basé sur un projet (par ex. : financement participatif avec contrepartie) à un financement à plus long terme par un organisme financier (par ex. : par des prêts ou des participations au capital). Pour que le financement participatif devienne partie intégrante du mix de financement des SCC, il faudrait lier le financement basé sur le projet à un financement à plus long terme fourni par une organisation financière (par ex. : par des prêts ou le financement de fonds propres). Toutefois, évoluer d'un financement de projet ponctuel vers un financement à plus long terme via une organisation financière reste un défi pour de nombreux acteurs des SCC, et nécessiterait de leur part de meilleures compétences financières et de meilleurs plans d'activités. Le fait qu'il n'existe en Europe qu'un petit nombre de plateformes spécialisées dans le soutien à l'expansion des organisations de SCC par le biais du prêt et de l'investissement participatifs reflète cette situation.

Recommandations d'action

Pour soutenir une plus grande diffusion du financement participatif des SCC en Europe, cinq champs d'actions ont été identifiés. Pour chacun d'eux, des mesures politiques pourraient être prises aux niveaux local, régional, national ou européen. Ces champs d'intervention sont les suivants : sensibilisation, création de la confiance, amélioration des compétences, cofinancement et création de liens entre les communautés financières (internationales).

- **Sensibilisation au financement participatif**

L'accès au financement participatif demeure, en soi, difficile pour les SCC, qui ne sont pas très au courant de ce qu'est le financement participatif et ignorent comment il fonctionne, quels sont les facteurs de succès et les plateformes dédiées. Les organisations intermédiaires et les décideurs politiques devraient également être mieux informés sur la manière de parler du financement participatif dans leurs communications, de l'inclure dans l'élaboration des politiques et de conseiller les SCC. En outre, les investisseurs traditionnels devraient être mieux au fait du potentiel du financement participatif en tant que signal de marché pour d'autres investissements. Le « manque d'informations sur le financement participatif » des adeptes potentiels est considéré comme un obstacle majeur à l'adoption du financement participatif et au développement des plateformes.

Nous recommandons que des mesures soient prises au niveau de l'UE en faveur de la conscientisation, en les concentrant principalement sur les aspects suivants:

  - soutenir le maintien et l'expansion d'un portail européen d'information sur le financement participatif des SCC (par ex. le portail crowdfunding4culture), qui centralise les informations sur tout ce qui concerne le financement participatif dans les SCC en les présentant de manière cohérente. Ces informations doivent mettre en lumière, à l'intention des acteurs des SCC et des décideurs politiques, les bénéfices (financiers, etc.) du financement participatif ;
  - soutenir le développement d'un portail européen access2finance pour les SCC fonctionnant comme un centre d'information et de sensibilisation à tous les types de financement présentant un intérêt pour le mix de financement des SCC, et faire du financement participatif (et donc du portail européen d'information sur le financement participatif des SCC) une partie intégrante de celui-ci ;
  - soutenir l'organisation d'événements destinés aux SCC sur le financement participatif et le portail access2finance, ou l'organisation de Prix pour faciliter l'échange d'expériences et le réseautage entre les acteurs des SCC, les plateformes de financement participatif, les décideurs politiques publics et les fondations/ investisseurs privés, en accordant une attention spéciale aux acteurs des pays et des sous-secteurs les moins avancés en termes d'adoption du financement participatif. Cet échange d'expériences devrait suffisamment intégrer des aspects traitant des avantages du financement participatif autres que le financement lui-même, ainsi que traitant de l'amélioration de l'intégration du prêt (participatif) et du financement (participatif) des fonds propres au sein de l'écosystème ;
  - veiller à ce que les informations disponibles dans les bureaux d'Europe Créative incluent également le financement participatif, et en particulier les opportunités de financement, les opportunités de développement des publics et le renforcement des communautés;

- promouvoir au niveau européen l'intégration des informations sur le financement participatif (TVA, fiscalité, modèles, coûts des plateformes, avantages au-delà du financement, etc.) destinées aux acteurs des CSS ;
- promouvoir proactivement l'acquisition par les décideurs politiques de connaissances sur le financement participatif des SCC, en se basant sur la communication et en réunissant les décideurs politiques afin de stimuler l'échange d'expériences, y compris sur les obstacles rencontrés (par ex. via l'instrument de la MOC). L'échange devrait être centré non seulement sur l'acquisition de connaissances aux fins d'améliorer l'élaboration des politiques, mais aussi sur l'acquisition de connaissances en matière d'utilisation potentielle du financement participatif par les institutions culturelles publiques et les SCC en général.

▶ Favoriser la confiance

Outre une sensibilisation accrue, favoriser la confiance est tout aussi indispensable à une diffusion efficace du financement participatif dans les SCC. Or l'analyse de marché et les entretiens montrent qu'en raison du manque d'informations transparentes et comparables sur le financement participatif et des coûts qui y sont liés, la méfiance reste élevée à l'égard du financement participatif.

Nous recommandons que des mesures soient prises au niveau de l'UE pour favoriser la confiance, en les concentrant principalement sur les aspects suivants :

- appeler à une plus grande transparence des opérations des plateformes de financement participatif et promouvoir l'harmonisation des rapports sur les performances des campagnes et des plateformes. Nous recommandons que la CE encourage et facilite l'élaboration d'un code de conduite qui garantisse l'établissement par les plateformes de rapports transparents et comparables sur les indicateurs clés de performances ;
- encourager les États membres à fournir des lignes directrices claires sur la TVA et la fiscalité du financement participatif des SCC, et cela pour les différents types de financement participatif ;
- encourager les États membres de l'UE à agir en tant que principaux adeptes du financement participatif pour soutenir les SCC, en les incitant à expérimenter le financement participatif au sein des institutions culturelles publiques mais aussi en les incitant à explorer différents types de mesures de soutien pour le secteur public (telles que la mise en place d'une plateforme publique (ou publique-privée) de financement participatif pour les SCC, le financement de séances de formation et coaching pour les SCC en matière de campagnes de financement participatif ou le cofinancement comme levier des dépenses publiques dans le SCC). Pour cela, le partage d'exemples de coopérations entre le secteur public et les plateformes, de pratiques et d'enseignements peut constituer une bonne source d'inspiration et une bonne base afin d'explorer les synergies possibles entre les autorités publiques, les plateformes et les acteurs des SCC;
- partager entre décideurs politiques les pratiques et les enseignements tirés (par ex. moyennant des évaluations d'impact) sur les mesures potentielles d'encouragement à l'utilisation de différents types de financement participatif, comme par ex. un régime fiscal favorable pour le prêt participatif, les systèmes de garanties, les déductions fiscales pour les dons, etc. ;
- investir dans la collecte indépendante de données quantitatives et qualitatives pour disposer d'informations mises à jour sur le nombre de lancements de campagnes (en tenant compte des différences sectorielles), sur le nombre de bailleurs et leurs caractéristiques, ainsi que sur les montants collectés (fonction d'observatoire);
- soutenir financièrement les chercheurs pour qu'ils continuent à développer des indicateurs adéquats et des systèmes de surveillance permettant d'approfondir les connaissances sur l'évolution du financement participatif dans les SCC.

▶ Encourager l'amélioration des compétences

De nombreux acteurs des SCC – y compris certaines institutions culturelles publiques – souffrent d'un déficit de compétences lorsqu'il s'agit d'accéder au financement participatif ; ils manquent surtout des compétences en gestion financière et stratégique et en communication et de la culture entrepreneuriale nécessaires pour évaluer les besoins de l'organisation et conduire une campagne de levée de fonds fructueuse. Quant aux décideurs politiques, des compétences spécifiques sont nécessaires pour ajuster efficacement le cadre politique de manière à soutenir l'adoption du financement participatif, créer de nouveaux types de partenariats capables de bénéficier de l'adoption du financement participatif pour les SCC et repenser le système de financement des activités des SCC.

Pour encourager le développement des compétences aux fins du financement participatif des SCC (outre les efforts d'augmentation de la conscientisation), nous recommandons que l'UE concentre ses initiatives principalement sur les aspects suivants :

- encourager les organisations intermédiaires à développer des formations et du matériel d'apprentissage adéquats sur le financement participatif (définition, opportunités et défis) destinés à leurs groupes cibles pertinents ;
- encourager les organisations SCC intermédiaires à promouvoir les compétences entrepreneuriales et commerciales en tant que partie intégrante de la formation des acteurs des SCC en général, ainsi que le développement des compétences informelles concernant spécifiquement les SCC (comme le programme d'échange pair-à-pair[10] dans le cadre du réseau européen de centres créatifs), y compris la promotion du financement participatif en tant qu'outil de développement des compétences entrepreneuriales et commerciales ;
- encourager l'intégration de la formation financière et commerciale dans les filières d'éducation ou de formation des SCC, comme les incubateurs, afin de renforcer les connaissances financières des acteurs des SCC, de manière à permettre au secteur de mieux tirer parti des possibilités de prêt (participatif) et de financement (participatif) des fonds propres (dans le cas où cela est pertinent et utile pour le secteur) et afin d'attirer des montants plus élevés et des financements à plus long terme ;
- fournir des subventions et un accompagnement spécifiques aux acteurs des SCC afin qu'ils mènent des campagnes (européennes) de financement participatif.

▶ Soutenir le cofinancement

Alors que le cofinancement – financement public associé à un financement participatif en ligne – suscite un intérêt croissant de la part des institutions publiques et privées, les décideurs politiques européens et les organisations privées de financement devraient être plus informés sur les possibilités (et les limites) d'associer leur financement à des projets à financement participatif.

Pour encourager les mécanismes de cofinancement, nous recommandons que l'UE concentre ses initiatives principalement sur les aspects suivants :

- collecter des informations à partager en ligne sur les caractéristiques du cofinancement (différent modèles, lignes directrices d'application, etc.) et sur les initiatives en cours à travers les pays, pour améliorer la conscientisation ;
- faciliter l'interaction et la coopération entre les acteurs pertinents susceptibles de former des partenariats, y compris les pouvoirs publics locaux /régionaux et les agences gouvernementales intéressées, les organisations privées de financement et les plateformes de financement participatif ;
- pour stimuler l'apprentissage politique, lancer entre les autorités locales et régionales à travers l'Europe un échange de pratiques politiques sur l'utilisation du cofinancement (différents modèles, importance d'établir des critères de sélection précis, limitations, etc.), en prenant particulièrement soin d'y impliquer les décideurs politiques des régions/pays où le potentiel du financement participatif reste à explorer ;
- lancer une initiative européenne de cofinancement associant un financement de l'UE et un financement participatif. Cette initiative devrait également être aisément accessible aux petits acteurs SCC (la charge administrative doit être faible). Elle devrait aussi refléter les priorités et les critères des financements de l'UE, où un organe de sélection est responsable de la sélection des campagnes éligibles pour le cofinancement. Le cofinancement peut aussi être utilisé pour augmenter la sensibilisation des acteurs de SCC à d'autres mécanismes pertinents de financement de l'UE.

▶ Renforcer les liens entre les communautés financières internationales

Le financement participatif peut potentiellement atténuer les asymétries d'information existantes, lesquelles ont une influence structurelle négative sur l'accès au marché de capitaux (prêt, financement des fonds propres) des

[10] http://creativehubs.eu/news-p2p-round2/

acteurs de SCC. Toutefois, le financement participatif n'est actuellement pas assez présent dans le paysage financier des SCC (à l'exception du financement participatif en capital).

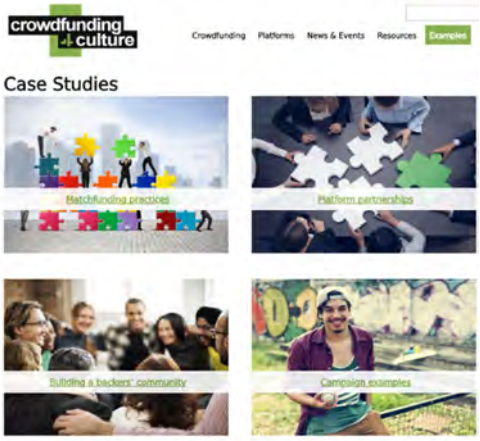
Pour renforcer les liens entre la communauté du financement participatif et les autres communautés financières, les initiatives de l'UE devraient se concentrer principalement sur les aspects suivants :

- s'attaquer aux goulets d'étranglement du cadre réglementaire qui empêchent l'utilisation du financement participatif transfrontières et favoriser l'expansion des plateformes de financement participatif en Europe ;
- stimuler le dialogue au sein du paysage fragmenté des plateformes de financement participatif des SCC (organisé principalement au niveau régional/ local et basé sur la contrepartie) pour explorer les possibilités d'améliorer les liens entre l'actuel paysage de financement participatif basé sur le don et la contrepartie, et le prêt et le financement en fonds propres (pas uniquement le prêt participatif et l'investissement participatif), et éliminer les obstacles ;
- faciliter le partage d'informations relatives aux objectifs de la facilité de garantie SCC (Europe Créative) auprès des plateformes de prêt participatif afin de les aider à prendre une décision informée relative à une éventuelle sollicitation de cet instrument financier orienté 'marché', qui est maintenant utilisé principalement par des intermédiaires financiers plus traditionnels (banques ou sociétés de garanties) ;
- faciliter le partage d'informations et le renforcement des capacités sur le financement des SCC entre les différents types d'acteurs financiers (plateformes, capital-risque, business angels, investisseurs sociaux, etc.) :
  - au minimum, la Commission européenne/ le FEI pourraient incorporer les informations sur le financement participatif et son potentiel en tant qu'outil de cofinancement dans le programme de renforcement des capacités des intermédiaires financiers qui participent à la facilité de garantie SCC ;
  - plus généralement, les informations sur le financement participatif pourraient être incluses dans les informations sur l'accès au financement des entités des SCC (par ex. sur le portail européen access2finance mentionné ci-dessus) ;
  - à l'égard du marché des actions/ du financement à haut risque, le partage et l'acquisition des connaissances peuvent être axés sur le potentiel du financement participatif en tant qu'outil pour évaluer le potentiel commercial d'un concept d'affaire ou, plus généralement, comme outil pour atténuer les asymétries d'information sur les capacités entrepreneuriales des acteurs des SCC qui ont besoin de financer leurs fonds propres, ce qui peut influencer positivement l'évaluation du risque.

À propos de l'étude

L'étude « Le financement participatif : repenser l'engagement participatif dans le secteur culturel » recense et analyse comment le financement participatif est utilisé actuellement en faveur des activités culturelles et créatives, et évalue dans quelle mesure les barrières freinent l'intégration du financement participatif dans la combinaison de financement et la pratique générale des acteurs des SCC.

L'analyse a été réalisée suivant une méthode mixte. Comme la question du financement participatif des SCC concerne les intérêts et les activités de plusieurs groupes de parties prenantes (acteurs des SCC, organisations intermédiaires soutenant les acteurs des SCC, plateformes de financement participatif, bailleurs et décideurs politiques), la recherche combine les perspectives de chacun de ces groupes de parties prenantes pour obtenir une analyse à 360°. Les recherches comprennent l'examen de la littérature, des interviews de parties prenantes, l'analyse de données et d'études de cas, des enquêtes, des ateliers d'experts et de crowdsourcing (externalisation ouverte) sur les obstacles et les options d'action politique.



L'étude est associée à un site web – www.crowdfunding4culture.eu – qui a été développé en tant que centre européen d'information sur tout ce qui a trait au financement participatif de la culture. Le site web contient, entre autres :

- une carte de toutes les plateformes de financement participatif à travers l'Europe (avec des informations comparatives sur les modèles de financement participatif utilisés, les coûts d'utilisation, etc.) qui sont axées spécifiquement sur les secteurs culturels et créatifs ;
- un recueil des études de cas réalisées dans le cadre de la présente étude ;
- un inventaire des événements, nouvelles, outils et études intéressants et liés au financement participatif des SCC.

Introduction to the study

1/ Context and objectives

1.1 Access to finance in CCS as a core barrier to growth

In the last decade, the Cultural and Creative Sectors (CCS) in Europe have been recognised as an essential driver of economic growth and employment. The European Commission values the CCS and its influence on 'boosting local economies, stimulating new activities, creating new and sustainable jobs, having important spill-over effects on other industries and enhancing the attractiveness of regions and cities'[11]. The CCS contributes substantially to employment and growth of the European economy. A recent study from KMU Forschung Austria and VVA[12] shows that the CCS[13] make up 7.5% of all persons employed in the European economy and generate 5.3% of the total European gross value added. Moreover, the CCS have been more resilient to the economic and financial crisis compared to the rest of the economy.

Yet, due to the combination of both public funding cuts and an increasing risk overseen in the banking sector after the financial crisis, many young professionals and organisations place access to finance as one of the top pressing issues in their sector. It is widely acknowledged that government funding in Europe is no longer meeting the funding needs of the Cultural and Creative Sectors. In fact, experts from ministries of culture and national cultural institutions across Europe state that "decision makers should ensure that one of the key obstacles to growth – access to finance – is addressed."[14] Studies show that access to finance is a core barrier to growth for many cultural and creative companies.[15] Also, the EC Green Paper on Cultural and Creative Industries (EC, 2010) identifies the problem of access to finance as one of the main issues preventing the CCS from using their full potential to support growth in Europe.

The IDEA Consult study[16] "Survey on access to finance for cultural and creative sectors" amounts the financial gap in CCS between €8 billion to €13.3 billion. Most of the missing financing seems related to a lack of collateral, combined with underdeveloped financial skills of the CCS. Moreover, often CCS companies do not have sufficient information on available financial instruments.[17]

However, shortcomings concern not only the "demand-side"; the available financial offers require equally a better adaptation to emerging and growing sectors. The CCS remain an atypical set of fragmented markets with very different structures, especially when considering investment patterns. Traditional finance institutions, such as banks, remain sceptical towards the Cultural and Creative Sectors.

In recent years we have seen local, regional and EU governments implement initiatives to lower barriers for cultural and creative actors to access finance beyond public grants. At the EU level, by bringing together Culture and Enterprise Ministries across Europe, the work of the Open Method of Coordination (OMC) expert group on Access to Finance for CCS has led to important exchange of best practices and has provided up-to-date insights from the

[11] European Commission Communication (2010) on "Unlocking the potential of cultural and creative industries"

[12] KMU Forschung Austria and VVA (2016), "Boosting the competitiveness of cultural and creative industries for growth and jobs", study commissioned by the European Commission - DG GROW, June 2016

[13] Including the following subsectors: advertising, architecture, archives, libraries, cultural heritage, books & press, cultural education, design, visual arts, music, performing arts & artistic creation, radio & TV, software & games, video & film, fashion industry (fashion design & manufacturing)

[14] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

[15] e.g. Bates, J. & Rivers, O. (2007); DCMS (2008); HKU (2010); IDEA (2013)

[16] IDEA Consult: "Survey on access to finance for cultural and creative sectors", 2013, p. 149

[17] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

sector via regular reports and studies[18]. Furthermore, Creative Europe's Guarantee Facility[19] was launched in June 2016. This instrument provides a new financial offer and aims to strengthen the financial capacity in the Cultural and Creative Sectors by lowering the barriers for banks to lend money to CCS organisations. This is done in the form of the EU assuming a private debt obligation if the borrower defaults. Launched only very recently, the impact of this Guarantee Facility is yet to be seen. These initiatives prove that access to finance for culture is high on the policy agenda.

But, although bank lending for the CCS is set to increase with initiatives such as the Guarantee Facility, there are still serious problems in the information flows between CCS companies and financiers, as well as in their ability to find a 'common language'[20]. Also, other elements influence the (often difficult) interaction between CCS and banks[21]:

- CCS require significantly more short-term capital than their counterparts in other economic sectors. However, smaller and short-term borrowing is not the most interesting business model for banks;
- CCS often require only small lending amounts (<€25,000 - i.e. microfinance);
- CCS businesses often appear to be too risky to finance, because of the uncertainty of the market's reaction on a specific CCS product: will the crowd like that specific movie, book or art performance?;
- banks often lack the expertise to identify and assess the value of intangible assets such as IPR in CCS businesses, which could be used as collaterals; and
- many CCS actors lack sufficient business and financial competences.

Many argue that "due to the very nature of CCS as content driven and project oriented businesses, access to finance faces business specific challenges"[22].

Calls to improve business support for CCS, raise investor's awareness and address financiers concerns can help CCS to access finance[23]. However, promoting only bank lending to lower the barriers of access of finance for CCS will never provide a solution to all the different financing needs of this highly diverse sector. One of the conclusions of the "Survey on access to finance for CCS" study[24], therefore, was to promote traditional bank loans as part of a broader range of financing instruments, also including newer forms of finance such as microfinance and crowdfunding. This has also been stressed in the recent European Parliament resolution of 13th December 2016 on "a coherent EU policy for cultural and creative industries", where the European Parliament calls on the European Commission to strengthen the financing landscape for the CCS, including broadening the range of financing instruments available to micro-enterprises and SMEs in the Cultural and Creative Sector with new and innovative financing schemes such as microcredit, repayable contributions, crowdfunding, risk capital finance, seed funding and venture capital[25].

---

[18] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

[19] http://www.creativeeuropeireland.eu/content/resources/18.%20faq-financial-instrument.pdf

[20] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

[21] Creativ wirtschaft austria: "Sixth Austrian Creative Economy Report", 2015, p. 33; IDEA Consult, 2013, ibid

[22] CIM Creative Industries Management Ltd. / Heikki Masalin (2012). 'Mapping of Nordic Creative and Cultural Industries Financial Environment', KreaNord.

[23] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

[24] IDEA Consult, 2013

[25] European Parliament resolution of 13th December 2016 on "a coherent EU policy for cultural and creative industries" (2016/2072(INI))

1.2 New opportunities for cultural and creative sectors

When we look at the financing landscape, according to Klamer (2005)[26] we can distinguish three different "spheres" in which cultural and creative organisations might attract external finance for their activities:

- the **government sphere** is where a policy maker or government agency manages public funding, and distributes them on the basis of grant applications and in line with the strategic priorities of that government. For CCS actors to be able to attract finance in this sphere, it is crucial that their cultural/creative project matches with the government priorities set out in the grant application guidelines;
- in the **market sphere**, the market relations (demand/supply, buying/selling) and business contracts play a central role. CCS actors are able to attract external finance in this sphere, only when there is a 'business case' for it (i.e. sufficient economic return). Here we find, for example, debt and equity finance, but also sponsoring. For CCS actors to be able to attract finance in this sphere, it is of central importance to build a strong business case and convince financiers that their investment will generate sufficient economic return for them. Government instruments such as the above mentioned Creative Europe's Guarantee Facility can support CCS actors to build this 'business case'; and
- finally, there is the **social or informal sphere**, where finance is provided based on a personal belief in the 'good cause' of a project and an individual commitment, rather than on contractual business terms or grant applications. Here we find gifts, patronage, volunteer work, etc. Contrary to the market sphere, in the social sphere individuals or organisations give money (or other resources, such as their time, expertise, etc.) without expecting a clearly defined financial return on investment. For CCS actors to be able to attract finance in this sphere, it is crucial to have a strong story that appeals to the (emotions of) potential financiers, so they feel connected and somehow also responsible for making the project successful and generate impact. In this sphere, the financiers are 'allies' rather than 'business partners'.

Figure 1: Three spheres of external finance for CCS

Source: based on Klamer 2005, 2013

[26] Arjo Klamer (2005), 'Creatieve financiering van creativiteit', in Boekman 62 'Kunst en geld', January 2005.

In their financing strategy, cultural and creative organisations are, in general, most skilled in attracting finance from in the government sphere (and to a lesser extent the market sphere)[27]. However, recently interesting new developments have taken place that can bring external finance from the social sphere to a higher level in the CCS:

- with the rise of **new communication technologies and social networks**, it is today easier than ever to reach out to wider audiences and make payment transactions online. Matching funders with creators is now more efficient and effective due to lower search costs online[28]; and
- there is a general trend with **individuals and companies to connect more meaningfully** with the things they do, and to look for ways to increase the impact of their interventions.

Both developments provide CCS actors with the opportunity to rewrite the relationship they have with their audiences and funders. It is at the crossroads of those two developments that crowdfunding emerges, an innovative method of finance which is changing the traditional lender-borrower relationship and is opening new and more transparent ways of financing. Crowdfunding offers individuals more choice when it comes to donating, investing and lending money, as they are able to follow projects from beginning to end.

1.3 Crowdfunding as a leverage for CCS?

Crowdfunding is seen as an innovative tool to provide the CCS with an alternative approach to access finance. By motivating the crowd to participate in cultural creation, either by the method of donations, rewards, lending or equity, crowdfunding is generating not only finance for the sector but also gives new possibilities for audience development and engagement, as well as possibilities for presenting individuals and communities with a direct understanding of cultural products. We have seen the number of platforms that focus on cultural and creative projects rise in recent years, as well as witnessing a growing interest from the Cultural and Creative Sectors to further explore this new way of finance.

The economic crisis and government budgets (also for culture) under pressure all over Europe have been a leverage for both CCS actors and (culture) policy makers to explore to what extent crowdfunding might play a role in lowering the problem of access to finance for the CCS. Different characteristics of crowdfunding make such debate very relevant:

- a considerable part of the financing needs in the CCS relate to specific projects (project finance) and involve amounts at the level of microfinance (<€25,000).[29] It is often difficult to cover these types of financing needs with traditional bank finance instruments. For crowdfunding on the other hand, these are interesting parameters;
- literature on crowdfunding (see section 3/) highlights that the benefits of setting up a strong crowdfunding campaign go beyond getting money from the crowd. Strengthening stakeholder engagement, community building and communicating a strong story or vision to the public are all elements that can be linked to crowdfunding. These elements are also often very strong points of attention for many cultural and creative actors in their audience development and actions to increase their impact in society;
- the CCS is characterised by a huge diversity of actors. Some of the actors are highly dependent on public funding and donations (e.g. many museums), others have more opportunities to generate income from the market (e.g. popular music). Also, some actors are strongly locally embedded whereas others are active in businesses in global value chains (e.g. film). The different models of crowdfunding (donation- and reward-based, lending, equity and mixed models) seem to provide a broad range of possibilities to find answers for a large diversity of financing needs;

[27] Klamer, 2005; IDEA Consult (2016), "Research into the options for cultural actors to attract additional finance in Flanders", on behalf of the Flemish government (Department of Culture)

[28] NBER_Some Simple Economics of Crowdfunding

[29] IDEA Consult, 2013

- from the side of investors and financiers, the uncertainty about the market's reaction on a specific CCS product ('will the crowd like the products/service?') is a high barrier to invest in CCS (see above). Crowdfunding provides opportunities to let the crowd 'speak'. As such, it can provide signals about the market potential of specific products or projects to traditional investors and financiers; and
- beyond traditional investors and financiers, crowdfunding can also provide a valuable signal for policy makers about communities' interests and engagement in specific (socio-)cultural projects.

On the other hand, crowdfunding is no 'easy money'. To set up a strong and successful crowdfunding campaign one needs to have a very sharp view on the vision/mission of the project/organisation, strong communication skills, invest time to manage the campaign, etc. But many CCS actors are only micro (or even nano)-sized organisations, with limited capacity. What are the costs and benefits of engaging in crowdfunding?

Other relevant questions for CCS actors relate, for example, to how to choose the most relevant crowdfunding platform or model that allows them to tell their story to (potential) stakeholders in the most effective way, or how to assess the costs related to running a crowdfunding campaign, etc.

Furthermore, as most (if not all) cultural and creative organisations are financing their activities with a mix of financial resources, additional questions relate to what crowdfunding can bring in terms of finance and how crowdfunding relates to other types of finance: what are the average amounts being raised through crowdfunding, taking into account different models? How about success rates? Is crowdfunding only interesting to finance one specific project, or can it be a more sustainable source of finance for CCS actors?

The landscape of crowdfunding platforms across Europe is developing rapidly and is highly dynamic. Some platforms work sector-specific while others have a more general portfolio of crowdfunding projects, some work very locally while others operate internationally. Is the current landscape of crowdfunding platforms across Europe sufficiently developed to serve the needs of the CCS?

On the side of policy makers, many different models of involvement can be thought of, from purely a role as regulator (establishing a sound legal framework for crowdfunding, taking into account opportunities and risks, including those which might be specific for CCS) to a role as information broker, matchfunder or even 'owner' of a crowdfunding platform specialised in CCS projects only. What are current practices in Europe? What can policy makers across Europe learn from each other?

1.4 Objectives of the study

This study maps and analyses the phenomenon of crowdfunding for the CCS in Europe.

The following questions guide the analysis:

- How to define crowdfunding for the CCS? What are its characteristics, specificities and underlying trends?
- What are the number and types of cultural projects funded?
- What is the average project/campaign size (by type of crowdfunding, including donation- and reward-based, lending and equity)?
- What is the average success rate for CCS projects?
- What reasons do creatives and investors/donors have to (not) engage in crowdfunding? What are the barriers?
- What is the number of platforms in Europe where CCS projects are launched, including geographical coverage?
- To what extent do European CCS actors use non-European platforms to host their crowdfunding campaign?
- How are crowdfunding platforms interacting with public/private funding and what are the best practices?
- To what extent is the CCS crowdfunding market fragmented?
- How does crowdfunding for CCS differ from crowdfunding in other sectors?

The remainder of the study is divided in two sections:

- a mapping and market analysis of crowdfunding benefiting the CCS; and

- recommendations towards a plan of action at European level for the European Commission and Member States.

This study is accompanied by a website – www.crowdfunding4culture.eu – and relevant social media that have been developed to share information, good practices, experiences across Europe in relation to crowdfunding for CCS online and to interact with the CCS crowdfunding community.

The website contains, among others:

- a map of all crowdfunding platforms across Europe (including comparative information on the crowdfunding models being used, costs of use, etc.) that have a specific focus on (parts of) the Cultural and Creative Sectors;
- a repository of case studies that have been developed in the context of this study; and
- an inventory of interesting events, news, tools and studies that relate to crowdfunding for the CCS.

2/ Framework of analysis

2.1 Delineation of CCS and crowdfunding

As this study focuses on the phenomenon of crowdfunding in the Cultural and Creative Sectors, it is important to highlight how both "crowdfunding" and "Cultural and Creative Sectors (CCS)" are defined in the context of this study. Table 1 presents the definitions used.

Table 1: Definition of CCS and Crowdfunding

What we mean by CCS…	What we mean by Crowdfunding…
The study follows the basic definition of Cultural and Creative Sectors (CCS) as the ones including "inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts"; this scope was established by EU regulation following the definition below: "'Cultural and creative sectors' means all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management"[30]. More specifically, we distinguish the following sub-sectors and functions to delineate the CCS: ⇨ Sub-sectors: Heritage, Music, Performing arts, Visual arts, Audiovisual & multimedia, Book & press, Advertising, Architecture, Design & arts craft, Education & research on arts and culture, Social cultural work ((adult) education, community building and social activism through cultural participation) ⇨ Functions: Creation, Production, Dissemination & presentation, Preservation, Commercial trade	Crowdfunding is a way of raising money to finance projects and businesses. It enables fundraisers to **collect money from a large number of people via online platforms**.[31] One could describe crowdfunding as involving "an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights"[32]. The crowdfunding market is a fast growing market. Alternative finance and especially new crowdfunding models are still evolving, but there is an overall agreement on the dominating models. The following crowdfunding models are at the core of analysis in this project: ⇨ Donation-Based: donating small amounts to meet the larger funding aim of a specific project while receiving no financial or material return in exchange ⇨ Reward-Based: donating small amounts to meet the larger funding aim of a specific project with the expectation of receiving a tangible (but non-financial) reward or product at a later date in exchange ⇨ Peer-to-Peer Lending: borrowing from a number of lenders via an online platform, each lender lending a (small) amount in return for financial compensation ⇨ Equity-Based: investing in a business via an online crowdfunding platform in return for a share in the business

[30] Source: REGULATION (EU) No 1295/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11th December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC

[31] https://ec.europa.eu/growth/tools-databases/crowdfunding-guide/what-is/explained_en

[32] Source: Belleflamme, P., Lambert, T., Schwienbacher, A. (2010): Crowdfunding: An Industrial Organization Perspective. Preliminary paper for the Conference "Digital Business Models: Understanding Strategies" Paris, 25th-26th June 2010.

2.2 A mixed-methods approach

The study is based on a mixed-methods approach, in which different types of information and data sources have been combined to ensure a 360° perspective on the topic of crowdfunding for Cultural and Creative Sectors, as well as to allow for triangulation of results and conclusions:

- Literature review;
- Semi-structured interviews with 'Gatekeepers';
- Crowdsurfer data analysis;
- Online surveys;
- Case studies and show cases;
- Expert workshops; and
- Online crowdsourcing.

The topic of crowdfunding for CCS touches upon the interest and activities of several stakeholder groups: cultural and creative actors, intermediary organisations supporting CCS actors, crowdfunding platforms, investors, policy makers and administrators. The research team followed a participatory approach in which insights, experiences and practices of at least the following stakeholder groups have been gathered:

- CCS organisations and fundraisers;
- Crowdfunding platforms;
- Donors and investors; and
- Policy makers

Social networks have been used throughout the project to "crowdsource" insights and feedback from these different stakeholder groups. At the same time the research team contributed to strengthening the CCS crowdfunding community by bringing together these different stakeholder groups at different occasions in the project to exchange views, practices and to network.

We refer to Annex 2/ for a detailed overview of each of these methods and how they have contributed to the objectives of the study.

Market analysis of crowdfunding benefitting cultural and creative sectors

3/ Crowdfunding for CCS: insights from existing literature

3.1 Crowdfunding as an alternative way of finance

A new language of trust and support between creators and funders appears to have been stipulated in recent years with crowdfunding, a practice of funding a project or organisation by raising monetary contributions from a large number of people. A third-party crowdfunding platform generally acts as a matchmaker between creators and the crowd[33].

Despite the lack of a harmonised taxonomy, the crowdfunding models offered on platforms can be largely categorised under:

- **Donation-based**: donating small amounts to meet the larger funding aim of a specific project while receiving no financial or material return in exchange;
- **Reward-based**: donating small amounts to meet the larger funding aim of a specific project with the expectation of receiving a tangible (but non-financial) reward or product in return;
- **Peer-to-Peer lending** (subdivided into consumer and business lending): borrowing from a number of lenders via an online platform, each lender lending a (small) amount in return for financial compensation; and
- **Equity-based**: invest in a business via an online crowdfunding platform in return for a share in the business

Apart from falling under the umbrella of crowdfunding and having in common that they aim to raise money from a large number of people, these funding models largely differ from each other in the way they appeal to backers/investors and in their logic. Donations-based crowd-funding models are purely charitable in nature. Rewards can be in a donation-logic, but can also be used to pre-sell products or services. Peer-to-peer lending and equity models are quite different in nature as they represent financial investment models with expectation of returns on investment, which are challenging the traditional banking system.

The different models of crowdfunding can be found in most European countries. Exceptions arise in the cases where a specific type of crowdfunding is prohibited by law.[34]

Next to the four main models offered on platforms, some crowdfunding platforms also offer a combination of two or more of the above model options to donors/investors and project creators ('mixed models') or apply still other models, such as the royalty-based crowdfunding model of the Italian-based crowdfunding platform Bandbackers.

The majority of crowdfunding platforms apply the **"all-or-nothing" principle**. This means that project holders only get the crowdfunded money when (at least) the total target amount has been raised. If the crowdfunding campaign appears to be unsuccessful in reaching the target, all money returns to the backers. To avoid 'nearly' successful campaigns having to return all money to backers under the "all-or-nothing" regime, a number of crowdfunding platforms have introduced specific options to give project holders a 'second chance', such as the Dutch arts crowdfunding platform Voordekunst.

Only a small portion of platforms apply the **"take-it-all" principle**, meaning that project holders get every eurocent collected through the campaign, even if the campaign would appear to be unsuccessful in reaching the target amount.

[33] This is however not a necessity. Creators can also directly crowdfund through own online channels instead of using a third party platform. But most creators are not equipped to properly manage a crowdfunding campaign (in terms of communication, payment systems, etc.) on their own.

[34] http://www.crowdfundinghub.eu/the-current-state-of-crowdfunding-in-europe/

The low barriers to access crowdfunding, and the transparent nature of crowdfunding, provides opportunities for CCS entrepreneurs to attract investors not typically associated with arts investment, and provides potential investors, with and without large amounts of capital, with opportunities to invest in arts and culture.[35]

Improved payment systems and low communication costs empower creators to easily and directly engage with their networks and reach wider communities. Simultaneously, due to the low amounts required for contributions – many platforms start as low as 1 euro – crowdfunding requires little effort and small amounts for individuals to participate in cultural and creative projects.

The power of the crowd today can accomplish tasks that were once the domain of just a specialised few (Howe, 2009 in Canhas et al., 2012). In fact, many have claimed that crowdfunding has the potential to transform individuals from social media users to overnight philanthropist, venture capitalist or business angels[36], and that by doing this it has democratised finance[37]. The National Bureau of Economic Research in Massachusetts found that funding in small increments, which has become economically feasible online, reduces risk exposure for investors and enables creators to access capital at a lower cost than traditional sources.[38]

3.2 Crowdfunding in Europe on the rise

Crowdfunding – and alternative finance in general – has witnessed a significant increase in Europe in recent years. A study from Cambridge University (2016) that for the second time measured crowdfunding activity across Europe, found that after an exponential growth in 2013-2014 (151% annual growth rate), in 2015 the alternative finance market in Europe also continued growing, with an annual growth rate of 92%. In 2015, the total online alternative finance market volume for Europe reached €5,431 million, up from €2,833 million in 2014.[39] According to Crowdsurfer, there are more than 793 live crowdfunding platforms operating in Europe (situation as at October 2016), from general platforms that host campaigns from all sectors up to platforms that host only projects in very specific niches (e.g. in archeology (Digventures), comics (Sandawe), etc). Although with some exceptions, the majority of crowdfunding platforms are for-profit organisations, which apply a transaction fee, ranging from 3-15% of the total project funded amount.

United Kingdom as a front runner in alternative finance

The growth of the alternative finance market has attracted the attention of governments, at national as well as at EU level, which has led to numerous initiatives to understand, regulate and encourage the use of crowdfunding in the European economy. The scale of interest, however, varies across Europe, where some countries have pushed legislation facilitating crowdfunding activities, whereas others have not. A large difference in amounts raised can be noticed between countries generating most growth via crowdfunding, such as the UK, where crowdfunding has become an established non-bank funding channel, and other countries such as Finland, where the *Act on Fundraising* requires organisations or individuals wanting to raise funds online for donations or rewards to get a special fundraising permit from the police.[40]

Currently, the UK is by far the largest market for alternative finance, accounting for more than 80% of the market volume in Europe. Next to the UK, France, Germany, the Netherlands and Finland complete the top 5. Interestingly,

---

[35] http://www.culturecrowd.co.uk/wp-content/uploads/Equity-Crowdfunding-for-the-Arts-June-2013.pdf

[36] http://online.wsj.com/article/SB10001424127887323468604578251913868617572.html

[37] Dealindex (2015), Democratising finance: alternative finance demystified, https://www.dealindex.co/democratising_finance_dealindex_research_july_2015.pdf

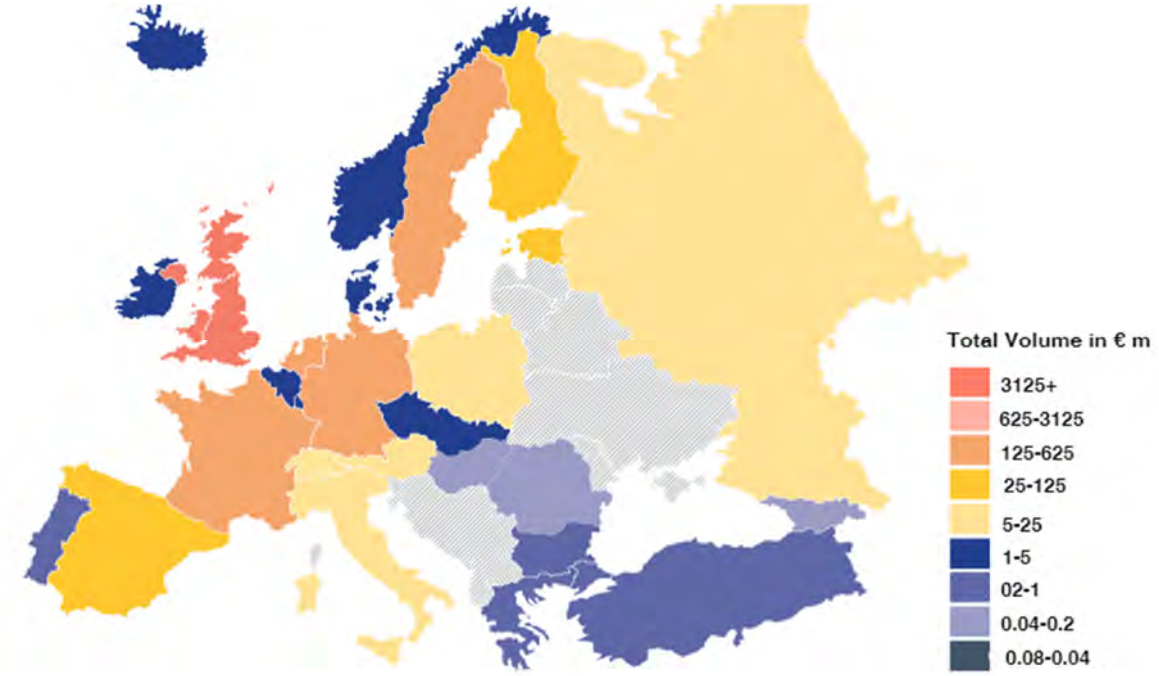
[38] Agrawal, et al. (2013), Some simple economics of crowdfunding, NBER Working Paper No. 19133, http://www.nber.org/papers/w19133

[39] Zhang B., et al. (2016), Sustaining momentum: the 2nd European alternative finance report, University of Cambridge report

[40] http://www.crowdfundinghub.eu/the-current-state-of-crowdfunding-in-europe/ Please note that the government has proposed a new legislation last month

when looking at the market volume per capita, Estonia ranks second, after the UK. France and Germany rank only 5th and 8th respectively.

Figure 2: Comparative market volumes of alternative market transactions in Europe (2015)



Source: University of Cambridge, Sustaining momentum (2016)

Compared to the rest of the world, the European market for alternative finance is 6 times smaller than the American one, and 17 times smaller than the Asian market. The latter markets are largely dominated by the US and China.[41] It is reported that in 2015 alone the Chinese alternative finance market grew 312 percent, and exceeded USD$100 billion.[42]

An interesting difference can be noticed between the EU and the US. The latter introduced legislation on debt and equity crowdfunding back in 2012, known as the Jobs Act. However, it was only in 2016 that the Act was enforced. Basically, although donation- and reward-based crowdfunding were allowed in the US since the very beginning, equity and lending crowdfunding only became legal recently. In contrast to the US, in Europe equity and lending platforms have been operating for many years.

Peer-to-peer lending accounts for more than 50% of crowdfunding market volume

In 2015, peer-to-peer (consumer and business) lending is the model most used across Europe, accounting for more than 50% of the market volume. Moreover, this segment also shows the highest annual growth rates. In particular, funding for businesses has increased considerably since 2014, making peer-to-peer lending an increasingly important source of finance for entrepreneurs, start-ups and SMEs. Equity- and reward-based crowdfunding each

[41] Zhang B., et al. (2016), "Sustaining momentum: the 2nd European alternative finance report", University of Cambridge report

[42] http://www.businessweekly.co.uk/news/financial/investors-boosted-new-global-crowdfunding-index

account for approximately 15% of the market volume in 2015, however this is excluding the UK market. In contrast, in the UK these models account for only 7.6% and 1.3% of the market. Donation-based crowdfunding accounts for approximately 2% of the European market, excluding the UK[43].

Motivations to participate in crowdfunding vary

The different types of crowdfunding can cover a wide range of financing needs and engage investors for very different reasons. Crowdfunding.de developed the 'Crowfunding Kompass' in which they distinguish three 'core' types of investors: those that look for financial return; those that invest for some form of reward in return; and those that intrinsically want to support something without expecting anything in return. Quero, et al. (2013, 2014) distinguish between the following 5 types of motivations for individuals to participate in crowdfunding:

- experiential motive: have the feeling that you are part of a project and participate in the process of the creation of a work;
- show commitment to a type of work or a production method through your involvement;
- have a particular community's desire for a type of non-commercial creative product;
- consumer motive: advance purchase of the product; and
- economic return.

Crosetto and Regner (2014)[44] point out that especially reward-based crowdfunding/crowd pre-selling and crowd donations have introduced innovative interactions to the entrepreneurial finance context, in contrast to lending and equity, which are, according to them, "essentially crowd analogies of traditional financing instruments".

Comparing the above mentioned market shares of each of the different models with market shares in 2012 (global figures)[45], we do notice a strong shift away from donation-based crowdfunding (37% market share in 2012) in favour of models where economic return is more central - debt crowdfunding (44% market share in 2012) and equity crowdfunding (4% market share in 2012).

Average amounts raised vary per model

Looking at the average amounts raised in the different models, Zhang, et al. (2016) find that in the crowdfunding models that primarily attract investors that look for financial return (equity-based and peer-to-peer lending crowdfunding), the average fundraise is far larger than the average fundraise in reward-based and donation-based crowdfunding (see Figure 3). Whereas with donation- and reward-based crowdfunding, project owners raise on average less than €5,000 per campaign, peer-to-peer business lending campaigns raise on average nearly €100,000 and equity crowdfunding even €460,000 per campaign.

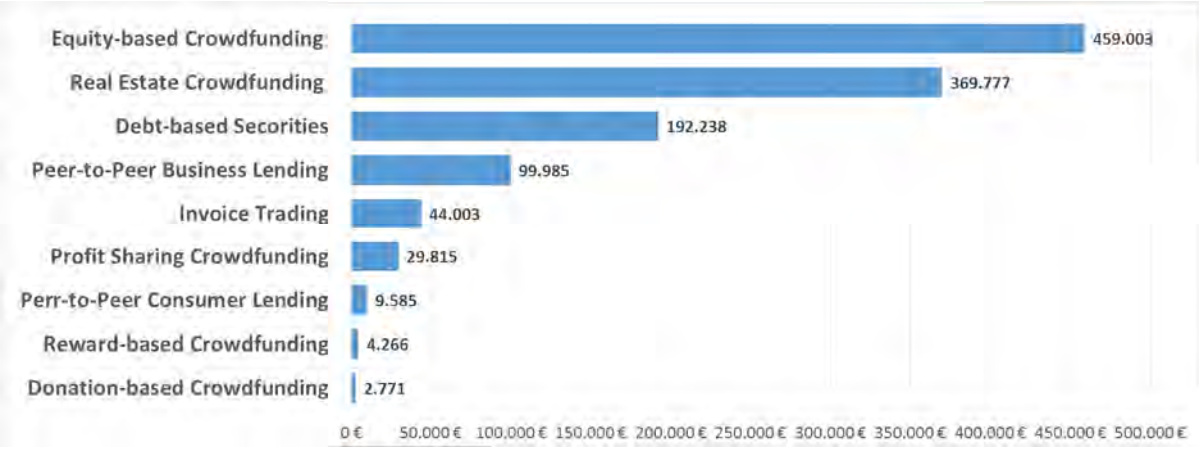
---

[43] Ibid.

[44] Crosetto P. and Regner T. (2014), "Crowdfunding: Determinants of success and funding dynamics", Jena Economic Research Papers 2014 - 035

[45] Gajda O. and Mason N. (2013), "Crowdfunding for impact in Europe and the USA", Toniic llc and ECN report

Figure 3: Average fundraise per model in Europe, excl. UK[46] (2015)



Source: Sustaining momentum, University of Cambridge (2016)

Cultural and Creative Sectors differ in the uptake of crowdfunding

Looking at the sectors most funded by the different models of crowdfunding, Zhang, et al. (2016) find that retail & wholesale, technology and manufacturing & engineering rank as the most represented sectors across the entire alternative finance ecosystem. However, they also find that Cultural and Creative Sectors clearly dominate reward-based crowdfunding. The three most funded sectors in reward-based crowdfunding are 1) arts, music & design, 2) film & entertainment and 3) media & publishing. In donation-based crowdfunding in particular, community and social work dominate, with the three most funded sectors being 1) charity & philanthropy, 2) health & social work and 3) community & social enterprise.

Crowdfunding regulation

In Europe, the crowdfunding market has been in most cases regulated under national financial structures and, where relevant, the Markets in Financial Instruments Directive (MiFID) apply. Some jurisdictions apply their general securities regulatory framework which often allows the use of certain built-in flexibilities, while others have either introduced (or have proposed to introduce) ad hoc regulatory crowdfunding regimes.[47]

In 2014 the European Crowdfunding Network examined all crowdfunding regulations in Europe and stated that "the unharmonised national specific type of regulations on crowdfunding in Europe, make it difficult for pan-European crowdfunding models to develop. This trend goes against the aim of establishing a European single market and promoting crowdfunding as a method of financing on a European level."[48] For instance, it is worth noticing the behaviour of locally-based businesses in Denmark, which, due to strict legislation on using equity crowdfunding, "have opened pro forma addresses in the country of origin of a foreign crowdfunding platform"[49]. The Danish example shows that although companies can find ways to overcome restrictive regulations, a non-uniform regulation creates market imbalances.

---

[46] Due to the far more advanced state-of-play of the crowdfunding market in the UK compared to the rest of Europe, the authors have excluded the UK from the analysis to not influence the results for the rest of Europe.

[47] For a thorough study on regulation and trends on crowdfunding globally, please see: https://www.iosco.org/news/pdf/IOSCONEWS415.pdf

[48] http://eurocrowd.org/wp-content/blogs.dir/sites/85/2014/12/ECN-Review-of-Crowdfunding-Regulation-2014.pdf

[49] CrowdfundingHub report

At the global level, the International Organization of Securities Commissions recognises that cross-border investment might be restricted due to the different crowdfunding regimes and regulations, however "due to the infancy of the crowdfunding regimes" a common approach of supervision has not yet been recommended. Although crowdfunding makes it possible for donors/investors to pledge a project without being close to the entrepreneur, many claim that "it remains a relatively domestically-oriented financing environment"[50].

Nevertheless, the growth of the crowdfunding market has been enough to attract the attention of national and European regulators to explore the potential of the sector. Moreover, crowdfunding is connected to the objectives of the EU and the European Commission for Innovation Union[51], Capital Markets Union[52], the Green paper on long-term financing of the European economy[53], the Entrepreneurship 2020 Action Plan[54], and the overall Europe 2020 strategy for smart, sustainable and inclusive growth[55]. In order to better understand the potential of crowdfunding and reflect on the added value of possible EU action, the Commission has hosted workshops[56], held public consultations[57], made Communications[58], created a Stakeholders Forum[59], published reports[60] and commissioned new studies[61].

Following a consultation and a preparation of Action Plans by stakeholders, the European Commission (DG FISMA) has planned a mid-term review of the Capital market Union in April 2017[62]. This review focuses on assessing the development of cross-border business and on investor protection, two crucial issues for the crowdfunding industry, especially with regard to investment models (peer2peer lending and equity). No outcome has yet been made public from this review.

---

[50] Moving Mainstream (2015), University of Cambirdge report

[51] Innovation Union: see http://ec.europa.eu/research/innovation-union/index_en.cfm

[52] Capital Markets Union: see http://ec.europa.eu/finance/capital-markets-union/index_en.htm

[53] Long-term Financing of the European Economy: http://ec.europa.eu/finance/general-policy/financing-growth/long-term/index_en.htm#maincontentSec6

[54] Enterpreneurship 2020 Action Plan: see http://ec.europa.eu/growth/smes/promoting-entrepreneurship/index_en.htm

[55] Europe 2020: see http://ec.europa.eu/europe2020/index_en.htm

[56] See http://ec.europa.eu/internal_market/conferences/2013/0603-crowdfunding-workshop/index_en.htm

[57]Summary: Responses to the public consultation on crowdfunding in the EU http://ec.europa.eu/internal_market/consultations/2013/crowdfunding/docs/summary -of-responses_en.pdf

[58] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Unleashing the potential of Crowdfunding in the European Union http://ec. europa. eu/internal_market/f inances/docs/crowdf unding/140327 -communication_en. pdf

[59] European Crowdfunding Stakeholder's Forum : http://ec.europa.eu/finance/general-policy/crowdfunding/index_en.htm

[60] i.e. Workshop on "Crowdfunding: untapping its potential, reducing the risks"; Communication on "Unleashing the potential of CF in the EU"; Crowdfunding innovative ventures in Europe: the financial ecosystem and regulatory landscape by DG CONNECT; Understanding Crowdfunding and its Regulations by JRC; "Crowdfunding: mapping EU markets and events study" by DG FISMA

[61] KMU Forschung Austria and VVA (2016), "Boosting the competitiveness of cultural and creative industries for growth and jobs", study commissioned by the European Commission - DG GROW (EASME/COSME/2015/003), June 2016 - http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8900&lang=en; Open Evidence and partners (2017) "Assessing the potential for crowdfunding and other forms of alternative finance to support research and innovation" commissioned by the European Commission – DG RTD, January 2017 - https://view.publitas.com/open-evidence/crowdfunding_final-report; this "Pilot study on crowdfunding for cultural and creative activities" commissioned by the European Commission - DG EAC.

[62] https://ec.europa.eu/info/sites/info/files/finance-events-170411-programme_en.pdf

Crowdfunding as part of the financial ecosystem

So far, the cost of harmonisation has not outweighed the benefits of pan-European growth. However, the 2nd European alternative finance study from Cambridge University (2016) does point out that "the European alternative finance industry is still small, and the slowing rate of growth during the year 2015 is a reminder of the risks the industry must contend with in order to transform from a start-up to a sustainable funding channel within the European financial services ecosystem".

Nevertheless, they conclude that the European "alternative finance" market demonstrates clear signs of continued growth and increased maturation in the sector as a whole. Crowdfunding is increasingly seen as part of the financial ecosystem next to more traditional financing instruments, as also pointed out in the recent Future of FinTech report from the World Economic Forum[63]. This is illustrated, for example, by the multiple partnerships between crowdfunding platforms and banks that are moving to take a stake in the platforms themselves, and referencing new customers that they don't plan to support through their traditional in-house products. This increased partnership is also seen in the increasing involvement of institutional investors in crowdfunding. Whereas is 2013 only 24% of the alternative finance platforms indicated that funding by institutional investors (such as banks, VC funds, etc.) took place on their platform, this percentage increased to 44% by 2015[64].

Although mainly concentrated in Europe, North America and Asia, the World Bank estimates that the crowdfunding market in the developing world will reach $96 billion by 2025.[65] A total of €201 million were raised via crowdfunding platforms for early-stage, growth and working capital funding provided to European start-ups and SMEs in 2014, according to the Cambridge study. The numbers speak for themselves and it is even believed that crowdfunding will surpass venture capital in 2016[66]. The question is to what extent Cultural and Creative SME's are also benefiting from this type of finance.

3.3 Insights from the literature on the current use of crowdfunding in CCS

Until now, mapping studies and research on crowdfunding have mainly focused on understanding crowdfunding as a new financial phenomenon, focusing on its business models, investment and growth data on crowdfunding in general, regulatory systems and providing possible policy action recommendations. Although historically crowdfunding developed primarily in cultural and creative industries (recorded music, film, video games) with crowdfunding platforms such as Sellaband (a music crowdfunding platform founded in 2006), studies that map and research the use of crowdfunding specifically in Cultural and Creative Sectors, are limited.

Mapping the use of crowdfunding in CCS at national level

Reasons why studies on the impact of crowdfunding on cultural and creative activities have been limited have to do *inter alia* with non-transparent platform data, non-harmonised data collection methods, non-harmonised sector definitions and the assumption that crowdfunding is mainly domestically-oriented.

A number of individual platforms that focus on CCS publish some data about their activities in Cultural and Creative Sectors, either on their website or in reports. According to **Voordekunst.nl** - the largest CCS specific donation- and reward-based crowdfunding platform in the Netherlands, it has raised a total of €9 million from more than 90,000 donors since 2011, providing funding for 1,625 art projects[67]. **Kickstarter**[68], the largest reward-based crowdfunding platform in the USA, has raised around $2.9 Billion for 121,016 campaigns worldwide since 2009 (status as at January 2017). Kickstarter has a strong focus on cultural and creative projects (see box below) and is frequently used by European creators and backers (see section 3.4). Looking at the different subsectors represented

[63] World Economic Forum (2015), The Future of FinTech: a paradigm shift in Small Business Finance, Global Agenda Council on the Future of Financing & Capital

[64] Zhang B., et al. (2016), Sustaining momentum: the 2nd European alternative finance report, University of Cambridge

[65] http://www.infodev.org/infodev-files/wb_crowdfundingreport-v12.pdf

[66] http://www.forbes.com/sites/chancebarnett/2015/06/09/trends-show-crowdfunding-to-surpass-vc-in-2016/#16566bf1444b

[67] Newsletter from Voordekunst.nl

[68] Kickstarter Stats http://www.kickstarter.com/help/stats

on Kickstarter, around 40% of the successfully funded campaigns relate to Music or Film & Video. Publishing, Art and Games complete the top 5.

Category	Successfully Funded Projects	Less than $1,000 Raised	$1,000 to $5,999 Raised	$10,000 to $19,999 Raised	$20,000 to $99,999 Raised	$100 K to $999,999 Raised	$1 M Raised
All	**121,016**	**14,648**	**68,767**	**17,336**	**16,453**	**3,592**	**220**
Music	24,947	2,462	17,863	3,247	1,311	62	2
Film & Video	22,389	2,545	12,731	3,525	3,249	333	6
Publishing	10,733	1,596	6,743	1,398	927	69	0
Art	10,126	2,293	6,342	910	536	40	5
Games	10,027	783	3,987	1,840	2,536	805	76
Design	8,533	546	2,923	1,511	2,600	907	46
Theater	6,125	859	4,466	511	271	18	0
Food	5,480	586	2,294	1,296	1,236	62	6
Technology	5,429	333	1,509	752	1,720	1,040	75
Comics	4,751	596	2,963	604	515	72	1
Fashion	4,574	497	2,090	857	972	155	3
Photography	3,018	575	1,698	426	303	16	0
Dance	2,170	205	1,701	197	66	1	0
Crafts	1,791	601	949	144	92	5	0
Journalism	923	171	508	118	119	7	0

Source: Kickstarter website

But, not all platforms are as transparent about campaign data. When it comes to mapping the use of CCS crowdfunding beyond the information of one platform, the most comprehensive study to our knowledge is that of Fruner, et al. (2012)[69]. They conducted a large study on the use of crowdfunding in the music sector in Germany in 2012. They mapped the relevant platforms landscape (globally), models used and characteristics of campaigns. They also analysed the motives of both music actors and music fans in Germany to (not) engage in crowdfunding. Some of their findings include:

- reward-based crowdfunding is the most frequently used model for crowdfunding in the music sector. 80% of the relevant platforms in the study were reward-based crowdfunding platforms. 76% applied the all-or-nothing principle;

[69] Fruner S., Oldendorf A., Pentschev M., Speck M. and Zhang Z. (2012), Crowdfunding meets music: report 2012, POP Academie Baden-Württemberg

- crowdfunding was most used for financing the recording of an album (76% of all crowdfunding projects in music). The production of a music video (6.3%) and investment in a live concert or tour (3.3%) were the second and third most popular types of crowdfunding projects, following at a far distance;
- the average crowdfunding campaign in music was €4,600;
- of the 100 platforms identified globally that hosted music projects (between 0 and 100% of their total portfolio) in 2012, the US-based platform Kickstarter was the most popular platform for music project owners to launch their project. Kickstarter had a market share of 66% in hosting music crowdfunding campaigns in 2012. However, it was not the most successful. Projects on Kickstarter on average had a 54% chance to succeed, compared to 60% on other large platforms;
- the most important reasons to fail a campaign were too little self-initiative on the side of the project owners in terms of communication and engagement of the fan base, an unattractive or unclear concept and/or a wrong choice of incentive/reward. When asking the music project owners about the reasons to fail, the main reasons according to them were lack of trust in online payments by fans, insufficient promotion on the side of the project owners, lack of trust by fans in crowdfunding, too ambitious goal setting and an insufficiently large network of fans;
- on average, supporters invested €44.58 for a music project in 2012. 42% of the supporters invested between €10 and €49, 22% invested more than €100;
- 75% of all supporters had, at the time of the study, only participated in one project. But the willingness to re-participate appeared relatively high;
- analysing the motivations of supporters, they found that the taste of the supporter for a specific genre of music is an important selection criterion. Other important motives to support a project were the personal fan relationship to the artist (intensive communication) as well as a high transparency regarding project concept and implementation. Relatively important aspects influencing the investment decision appeared to be the reward/gift involved, a simple payment method, the direct implementation of the project following the financing phase and the innovativeness of the project idea;
- only a small number of the individuals in the survey had actually supported through crowdfunding already (less than 10%). Asking about why they had not (yet) engaged in crowdfunding, the main reasons were lack of knowledge about the concept of crowdfunding, lack of trust in the platforms as intermediary to transfer their money to the project and fear that the project owner will not use the money in a proper way; and
- of the music actors in the survey that had already used crowdfunding (12% of respondents), 69% were successful and 49% even exceeded the initial goal. However, when asked whether they would use crowdfunding again in the future, the answers were very mixed. Reasons to not use crowdfunding again were, among others, difficulties with the after-campaign follow-up of delivering what was promised, as well as the reluctance to ask money from fans.

Douw & Koren (2015) conducted a mapping study specifically on the use of crowdfunding in museums and cultural heritage organisations in the Netherlands. They found that in 2014 cultural and creative organisations in the Netherlands raised €5.4 million through crowdfunding, of which 9% by museums and another 5% by cultural heritage organisations. In 2015, however, and despite an increase in CCS crowdfunding to €9.7 million in total, museums only collected 0.6% of this amount, and cultural heritage organisations 3.8%. The average crowdfunding campaign for museums dropped significantly, to an average amount of €10,000 in 2015. For cultural heritage projects, the amount raised in 2014 was €30,500 on average. This increased to €36,000 in 2015. Douw & Koren conclude that museums and cultural heritage organisations have not yet made optimal use of the opportunities of crowdfunding. They especially see potential for further use of crowdfunding for museums and cultural organisations:

- to create more visibility and engagement with the audience;
- as an integral part of fundraising strategies; and
- in collaboration with an artist or private individual.

The only study, according to our knowledge, looking into the development and progress of equity crowdfunding for the arts and creative industries was conducted in 2013 in the UK[70]. The study, led by CultureCrowd, analyses this financial method, comparing it to reward-based platforms, and while outlining the risks of investment, draws attention to the potential of this method of finance for both project owners and investors (at the time of the study equity crowdfunding was not yet used in CCS). "Equity crowdfunding offers the arts sector and the creative industries a significant new investment tool that has the following potential:

- to encourage existing arts investors to invest further in the arts;
- to attract and encourage new atypical arts investors to begin investing in the arts;
- to require the arts sector to consider arts projects, where appropriate, as sustainable financial ventures"[71]

Most studies on crowdfunding gather their data either through scraping mechanisms or rely on platforms to provide figures, while often not taking into consideration the voice of creative professionals and cultural organisations. In an attempt to give voice to creatives, the Institute of Network Culture[72] conducted interviews with artists in the Netherlands who used crowdfunding. The institute also mapped the crowdfunding platforms operating in the cultural sector so as to provide artists with more information on the campaign process and to delineate expectations.

Determinants of success and crowdfunding dynamics

When it comes to crowdfunding for CCS, it is said that by motivating the crowd to participate in cultural creation, either by the method of donations, rewards, lending or equity, crowdfunding is providing the sector with a new alternative to access funding, while being instrumental for community building, audience development and engagement. It facilitates individuals and communities' understanding of cultural creation and production and "provides arts organisations with opportunities to develop new audiences, test new ways of working and generate advocacy and PR opportunities"[73]. As most platforms adopt the 'all-or-nothing' model, it is key for project owners that individuals pledge to support the project and that their pledges turn into real payments when the project succeeds in reaching its funding target.

In the recent literature we find a **limited number of research studies that focus on the behavioural mechanisms** of supporters and the determinants of success specifically at donations- and reward-based/pre-selling platforms (the models most used in CCS).

Mollick (2014)[74] analyses information from projects on Kickstarter and finds that personal networks (proxied by the number of Facebook friends of the project owner) and signals of high project quality (proxied by the availability of a video that describes the project and number of spelling errors in the project description) are positive determinants of project success. Project duration and a project's target amount on the other hand are negatively correlated with success. Giudici, et al. (2013)[75] collected a sample of 461 projects hosted on 11 Italian crowdfunding platforms, and also found that project success is positively correlated with individual social capital (proxied by the number of contacts on social networks).

---

[70] The UK was among the first countries in Europe to create a legitimate environment for equity crowdfunding in 2012

[71] Equity crowdfunding for the arts report UK

[72] http://networkcultures.org/moneylab-toolkit/

[73] https://www.theguardian.com/culture-professionals-network/2015/feb/05/crowdfunding-arts-beyond-money

[74] Mollick, Ethan, "The dynamics of crowdfunding: An exploratory study," Journal of Business Venturing, 2014, 29 (1), 1-16.

[75] Giudici, Giancarlo, Massimiliano Guerini, and Cristina Rossi Lamastra, "Why Crowdfunding Projects Can Succeed: The Role of Proponents Individual and Territorial Social Capital," Available at SSRN 2255944, 2013.

Looking at the dynamics of backers at a reward/pre-purchase site, Kuppuswamy and Bayus (2013)[76] find a high **engagement of backers** in the initial phase as well as towards the end of the project. Agrawal, et al. (2011)[77] analysed data from SellaBand (music crowdfunding platform) and find that **funders tend to invest in a project the more capital it already accumulated**. This so-called 'herding' behaviour is also confirmed in other research (e.g. Herzenstein, et al. (2011)[78], Crosetto and Regner (2014)[79]). In that context, Agrawal, et al. (2013) point out that **friends and family play a key role** in the early stages of crowdfunding campaigns, to generate a signal for later funders through accumulated capital.

Projects that feature social-image rewards, allowing funders to show their support publicly, appear to be more successful. Looking at the reward given, Crosetto and Regner (2014) find that a higher presence of pre-selling rewards is a determinant of project success.

Lack of information on the different crowdfunding models and uses are often seen as an important barrier for using crowdfunding. Many European countries have taken initiatives to provide more information on the use of crowdfunding, have incorporated crowdfunding in the funding options for various sectors, or have launched websites with aggregated information on platforms and projects[80].

Financing via online platforms is no 'easy money', even when well informed. To set up a strong and successful crowdfunding campaign one needs to have a very sharp view on the project plan, strong communication skills, time and resources to manage the campaign[81]. This has led many to question the costs and benefits of engaging in crowdfunding, especially when considering that by and large CCS actors are only micro (or even nano)-sized organisations, with limited capacity.

The sustainability of crowdfunding as a funding mechanism has also been put into question. A recent study from NESTA shows that "crowdfunding's focus on short-term initiatives rather than long-term projects poses significant limits to what can be raised"[82]. It can be argued that it could be precisely because of the short-term project base focus that crowdfunding can be interesting for the CCS, whose considerable part of the financing needs relate to specific projects (project finance) and involve smaller amounts, often not covered with traditional bank finance instruments.[83]

Crowdfunding might be successful in bringing art, technology and the economy together[84], but how many times can we ask the crowd for funding? Is crowdfunding a sustainable alternative to the funding process for the CCS, beyond grants from foundations or government agencies, loans from banks, or the support of a wealthy patron? Patreon, a platform in the USA seems to think so, by challenging the models of artistic patronage. Launched in 2013, Patreon allows artists to obtain funding from their fans or patrons, on a recurring basis, or per work of art[85]. In 2015, the Swiss/Dutch crowdfunding platform DoNxt started in Europe with a similar crowdfunding model.

---

[76] Kuppuswamy, Venkat and Barry L Bayus, "Crowdfunding creative ideas: The dynamics of project backers in Kickstarter," SSRN Electronic Journal, 2013.

[77] Agrawal, Ajay K, Christian Catalini, and Avi Goldfarb, "The geography of crowdfunding," Technical Report, National Bureau of Economic Research 2011.

[78] Herzenstein, Michal, Utpal M Dholakia, and Rick L Andrews, "Strategic herding behavior in peer-to-peer loan auctions," Journal of Interactive Marketing, 2011, 25 (1), 27-36.

[79] Crosetto P. and Regner T. (2014), "Crowdfunding: Determinants of success and funding dynamics", Jena Economic Research Papers, 2014-035.

[80] e.g. crowdfunding.de in Germany

[81] See, for example, conclusions from the seminar on Crowdfunding additional finances for the arts organized by IETM and oKo, 15th February 2016

[82] Nesta (2016) Crowdfunding Good Cause (http://www.nesta.org.uk/publications/crowdfunding-good-causes#sthash.MqKDXg15.dpuf)

[83] IDEA Consult, 2013

[84] https://www.theguardian.com/culture-professionals-network/culture-professionals-blog/2012/aug/17/crowdfunding-changing-culture-kickstarter-projects

[85] http://audio.californiareport.org/archive/R201407111630/d

3.4 The CCS crowdfunding landscape: a fragmented market

The CCS Crowdfunding landscape in Europe is characterised by a high level of fragmentation, as a result of fragmentation at the level of both the CCS and the crowdfunding market in general.

3.4.1 Fragmentation of the CCS

Sectorial Fragmentation. 'Cultural and Creative Sectors' means all sectors whose activities are based on cultural values and/or artistic and other creative expressions, whether those activities are market- or non-market-oriented, whatever the type of structure that carries them out, and irrespective of how that structure is financed. Those activities include the development, the creation, the production, the dissemination and the preservation of goods and services which embody cultural, artistic or other creative expressions, as well as related functions such as education or management.[86] It covers the following sub-sectors: Heritage, Music, Performing arts, Visual arts, Audiovisual & multimedia, Book & press, Advertising, Architecture, Design & arts craft, Education & research on arts and culture, Social cultural work ((adult) education, community building and social activism through cultural participation) (see also the definition of CCS in section 2.1). Each of these sub-sectors show a specific economic dynamic that is far from homogeneous across the CCS.

Figure 4: Sectoral structure of the CCS[87], 2015

	Enterprises	Persons employed	Turnover in € million	Value added in € million
Advertising	303,400	1,057,500	152,700	50,500
Architecture	303,500	579,400	38,500	22,200
Archives, libraries, cultural heritage	115,000	560,000	55,000	22,000
Books & press	446,300	1,968,900	232,700	83,800
Cultural education	30,000	90,000	5,400	2,700
Design & visual arts	275,800	390,900	29,700	14,000
Music	34,300	71,900	11,000	4,800
Performing arts & artistic creation	390,000	660,000	70,000	35,000
Radio & TV	11,700	253,300	65,600	26,900
Software & games	262,600	1,331,000	181,400	92,400
Video & film	109,800	384,200	61,900	21,800
Core cultural and creative industries (CCIs)	**2,282,400**	**7,347,100**	**903,900**	**376,100**

[1] rounded data

Source: KMU Forschung Austria (2016), based on Eurostat and Bureau Van Dijk data

Structural Fragmentation. All CCS sub-sectors are characterised by a high proportion of SMEs compared to a very small proportion of large companies (although the latter are generating most revenues: in a 2011 analysis, the Deutsche Bank pointed at the presence of "many micro-firms" although "large companies [drive] revenues"[88]).

---

[86] Source: REGULATION (EU) No 1295/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 11th December 2013 establishing the Creative Europe Programme (2014 to 2020) and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC

[87] Please remark that the definition of CCS used in this study (see section 2.1) does not correspond 100% with the definition used in the study of KMU Forschung Austria.

[88] See https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD0000000000272899/Cultural_and_creative_industries%3A_Growth_potential.pdf

One can observe important differences in the market structure of the various sectors but also sub-sectors under the scope, which translate into a high degree of fragmentation in the sources of finance feeding in each of the value chains under the scope.

The fact that some CCS value chains are primarily dominated by private - profit and non-profit - entities (e.g. design sector, music sector) while in other parts many publicly-owned entities operate (e.g. cultural heritage), adds to this structural fragmentation. The flexibility of publicly-owned entities to access other sources of finance beyond their structural public funding is more limited than for private entities. On the other hand, their status as a publicly-owned entity does change their 'business case' (e.g. financing risks) when it comes to attracting market finance.

Fragmentation as a result of cultural and linguistic differences. Language and cultural differences, but also the local nature of many CCS activities lead to the development of CCS ecosystems that are often locally oriented, thus addressing local communities and networksKEA (2010) and IDEA Consult (2013) highlight that the cultural and linguistic barriers lead to a fragmentation that "*decreases market access opportunities (and thus growth opportunities), and increases distribution and marketing costs*". On the other hand, this fragmentation can also be seen as some kind of market segmentation with on the one hand, local market niches using local platforms, and on the other hand cultural and creative products which have a European or global market potential (f.ex. film, design, gaming etc) and can appeal more easily to international backers.

Fragmentation of the support landscape. Such fragmentation results in a scattered landscape of professional and intermediary organisations active in various areas, very often corresponding to specific sub-sectors (with a multiplicity of associations and intermediary organisations also acting at different levels in Europe – see Box 1). Such division comes together with a fragmentation of policies (UNCTAD, 2008) which are to address various dimensions of a sector that is diverse in nature.

Box 1: The multiplicity of stakeholders and intermediaries in CCS

European Network on Cultural management and Policy Education, European Institute of Cultural Routes, European Theatre Convention, European Historic Houses Association, EUROCITIES, Europeana, ERIH European Route of Industrial Heritage, Pearle- Live Performance Europe, Interpret Europe - European Association for Heritage Interpretation, Network of European Museum Organisations (NEMO), Federation for European Storytelling, FARO, European Museum Forum, European Cultural Tourism Network, Europa Nostra, Voices of Culture, European Music Office, European Festivals Association (EFA), Cultural Policies in Europe, The European Forum of Worldwide Music Festivals, IETM, International Network of Contemporary Performing Arts, Culture Action Europe, On-The-Move, international mobility information service center for the cultural sector, Audiences Europe Network (AEN), audience development in the arts, Cultuur-Ondernemen, Visual Arts Platform, European network of supporting organisations in visual arts, Flanders District of Creativity, International Federation of Arts Councils and Culture Agencies (IFACCA), The European Cultural Foundation, IMPALA, EUNIC, Smart, European Creative Business Network, etc. are only a fraction of the many examples of thematic organisations operating at local, national and EU levels to support CCS actors.

Fragmentation of finance streams for CCS. The results from the 2013 European Commission study on CCS access to finance show that "*both financing needs and the right financing mix in the CCS are very diverse*" (IDEA Consult, 2013). The study mentions that this is (at least partly) related to the fragmentation of market opportunities for CCS organisations which tends to discourage financial intermediaries. Specialised institutes and agencies thus show themselves reluctant to build the appropriate market intelligence that would foster CCS access to finance. This of course goes together with dissociation between each and every CCS sub-sector which is subject to different financial actors and mechanisms (access to finance for the visual arts will differ from access to finance in the film sector). On the other hand, as showed by the OMC study on access to finance, CCS organisations do not have sufficient information on available financial instruments.[89]

[89] OMC report

3.4.2 Fragmentation of Crowdfunding

Fragmentation of the platforms' landscape. Crowdfunding in general remains fragmented, with an unbalanced repartition of crowdfunding platforms (with a concentration in Western European countries) and a diversity of models ranging from peer-to-peer lending to equity crowdfunding. Moreover, the use of different types of crowdfunding might be further fragmented according to the specific cultural/creative sector. For example, the gaming or audiovisual sector might be more favourable to models such as equity financing, whereas visual arts actors might rather make use of donation- or reward-based crowdfunding.

Fragmentation of the regulatory framework. One of the most visible aspects of CCS crowdfunding fragmentation remains of a regulatory nature. At the EU level many differences can be observed from one legal framework to another. The 2014 ECN Legal review of crowdfunding[90] shows that due to the lack of a harmonised approach, cross-border transactions remain difficult, because of market containment by national regulatory frameworks. The 2016 CrowdfundingHub Alternative Finance Maturity Index shows differences between countries in function of the regulation under the scope (with areas such as donation- and reward-based crowdfunding being ahead of registration of obligations or tax reliefs[91]). Country differences are to some extent correlated with the amounts involved: in countries generating most growth via crowdfunding (such as the UK), crowdfunding has become an established non-bank funding channel. In other countries, regulation is in place to control the use of crowdfunding: in Finland for instance, the *Act on Fundraising* imposes permissions for individuals or entities willing to raise funds online[92]. The European context is also very different from other international ones[93]. The application of the VAT Tax regime as well as IP, but also data ownership and protection, are subject to consolidation at the EU level.

The European Union already positioned itself in favour of strengthened connections between CCS and other sectors and value chains[94]. Fragmentation remains to be overcome as to see new links built across communities that will foster the progress on all dimensions of CCS Crowdfunding fragmentation.

---

[90] http://www.eurocrowd.org/2014/12/ecn-review-crowdfunding-regulation-2014/

[91] CrowdfundingHub (2016), "Current State of Crowdfunding in Europe" available at http://www.crowdfundinghub.eu/the-current-state-of-crowdfunding-in-europe/

[92] CrowdfundingHub report -> Please note that the government has proposed a new legislation last month

[93] In the US for instance, the 2012 Jobs Act enforced in 2016 allowed equity and lending to be legalised while donations and reward-based models were already admitted. In Europe, the former were already functioning in the context of different national systems with different legal and tax regimes.

[94] See http://www.europarl.europa.eu/registre/docs_autres_institutions/commission_europeenne/com/2012/0537/COM_COM(2012)0537_EN.pdf

4/ Mapping the use of crowdfunding in cultural and creative sectors in Europe

To map the use of crowdfunding in the CCS in Europe, the research team made use of Crowdsurfer data and combined it with information coming from the "CCS", "backers" and "platforms" surveys. The Crowdsurfer data analysis covers data from more than 74,000 CCS crowdfunding campaigns launched between January 2013 and October 2016 on 380 different platforms. The extensive data gathering and – both quantitative and qualitative – data analysis has given us unique insights into crowdfunding trends in CCS, including country and sector developments.

4.1 The uptake of crowdfunding by the cultural and creative sectors

Today there are around 2,000 active crowdfunding platforms in the world[95], and the European Union is home to 40% of them (793 active platforms in Europe – source: Crowdsurfer). Among those crowdfunding platforms, we can distinguish three types of platforms that host CCS campaigns:

- Platforms with a specialised focus on CCS sectors;
- Platforms that focus on several sectors, among others CCS; and
- Platforms with no focus on CCS, but that do host CCS campaigns on an irregular basis.

4.1.1 Number of CCS crowdfunding campaigns

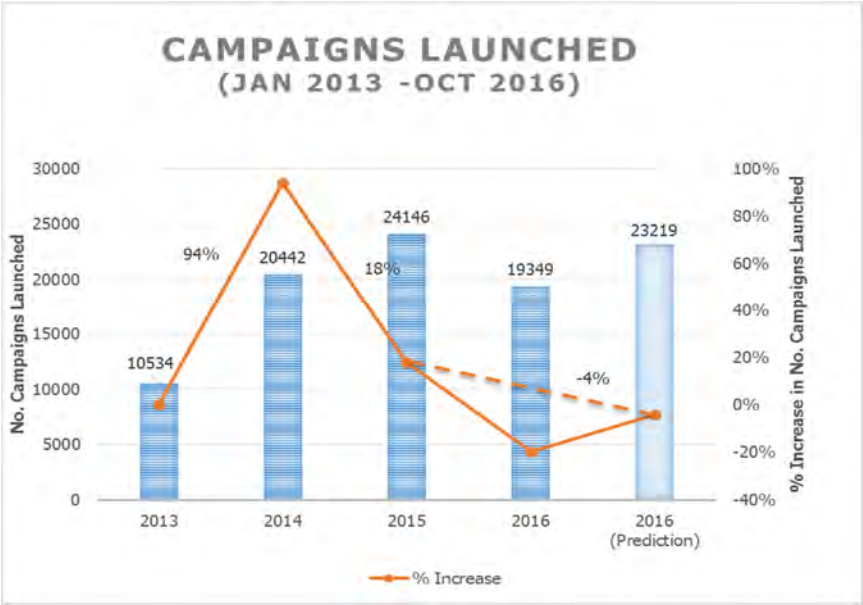
Between January 2013 and October 2016, Crowdsurfer identified a total of 74,471 campaigns that were launched by European creatives in Europe. Those campaigns were hosted on 380 different platforms (active and inactive), located in the EU (345) and elsewhere (35)[96].

The number of campaigns launched has increased on average, with 56% between 2013 and 2015. However based on data for the first 10 months, it appears that the number of campaigns launched in 2016 is expected to be slightly lower than the number launched in 2015 (see *Figure 5*). If 2016 witnesses campaign patterns for November and December similar to previous months, then we could expect a 4% decline in the number of campaigns launched in 2016 if compared to 2015.

[95] Information excludes data entry from China.

[96] Other platforms used by European creatives are located in the United States (25), Australia (1), Canada (1), Switzerland (4), India (1), New Zealand (1), Singapore (1) and South Africa (1).

Figure 5: Number of CCS crowdfunding campaigns launched, 2013-2016 / % growth per year



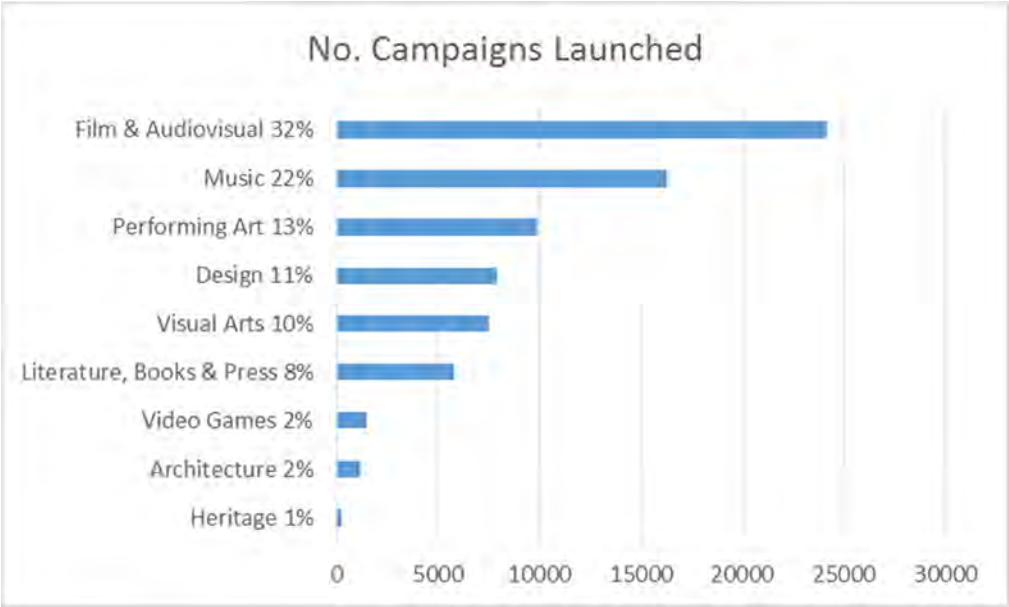
Source: own calculations, based on Crowdsurfer data

Most campaigns are launched in Film & Audiovisual

Looking at the uptake of crowdfunding in the different subsectors of the CCS[97], we find that about one-third of all CCS crowdfunding campaigns analysed (33%) relate to the Film & Audiovisual sector; 22% of the CCS campaigns relate to Music. Only a minority of CCS crowdfunding campaigns are used for projects in Gaming (2%), Architecture (2%) and Heritage (240 campaigns). In Figure 6 below we can see the number of campaigns launched per sector.

[97] Some campaigns might appear more than once on the subsector analyses. For instance, a campaign launched by a musician to unveil his new album in a concert hall might appear both under the music filter as well as under the performance arts one. Around 2,000 campaigns fall under multiple sectors.

Figure 6: Number of campaigns launched per sector



*n=73,542

Source: own calculations, based on Crowdsurfer data

It must be noticed that Crowdsurfer data that we have used for this analysis does not cover data from all platforms operating in this field, leaving a data bias. Taking into consideration additional data sources from identified platforms, we estimate the amounts raised for heritage to be around €3.5 million in the period of study (2013-October 2016). For more information please see section 4.3.4 of the report.

Use of crowdfunding varies drastically across Europe [98]

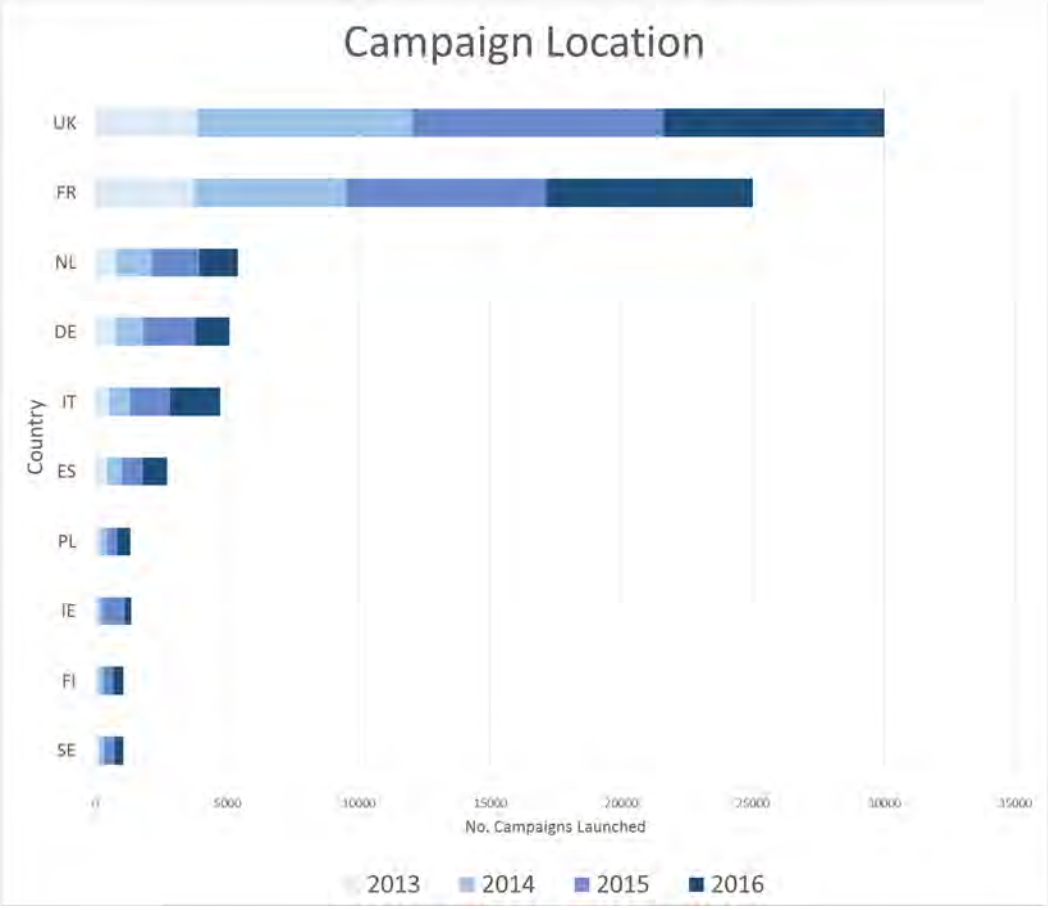
Although creatives all over Europe are using crowdfunding as an alternative method of finance, the (growth in) number of crowdfunding campaigns in the CCS is not equally distributed across the EU. Many more campaigns are launched in countries like the UK (that is home to more than 200 active platforms) than in countries such as Cyprus or Malta for example (which together are home to only four platforms).

As we can see from Figure 7, the use of crowdfunding varies drastically across Europe, with the United Kingdom, France, the Netherlands, Germany, Italy, Spain, Poland, Ireland, Sweden and Finland leading the way as top ten countries where crowdfunding is most frequently used.

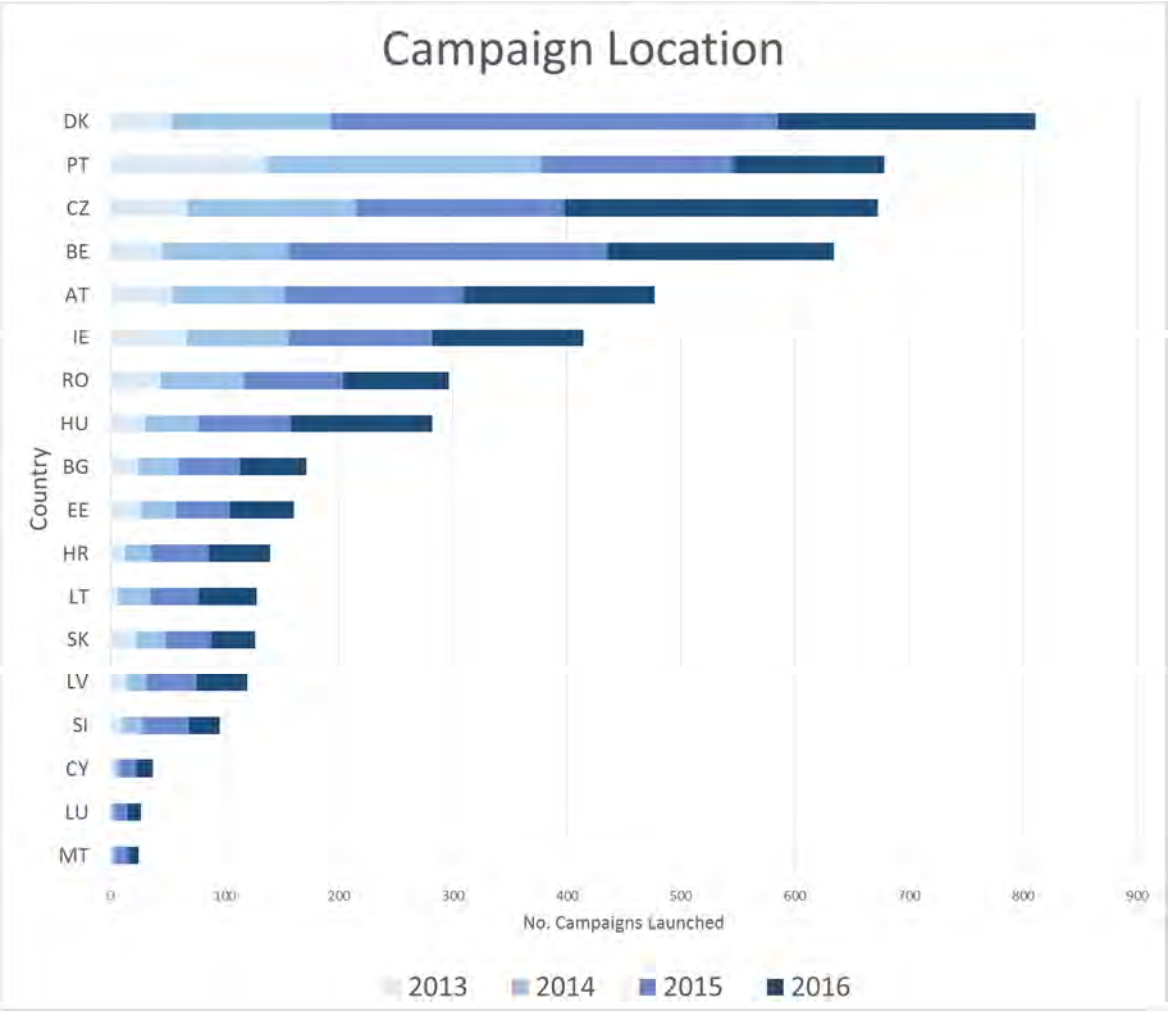
[98] Data available for n=72,269 campaigns

Figure 7: *The use of crowdfunding in EU countries, January 2013 - October 2016*

a) Countries with >1,000 CCS campaigns launched



b) Countries with <1,000 CCS campaigns launched

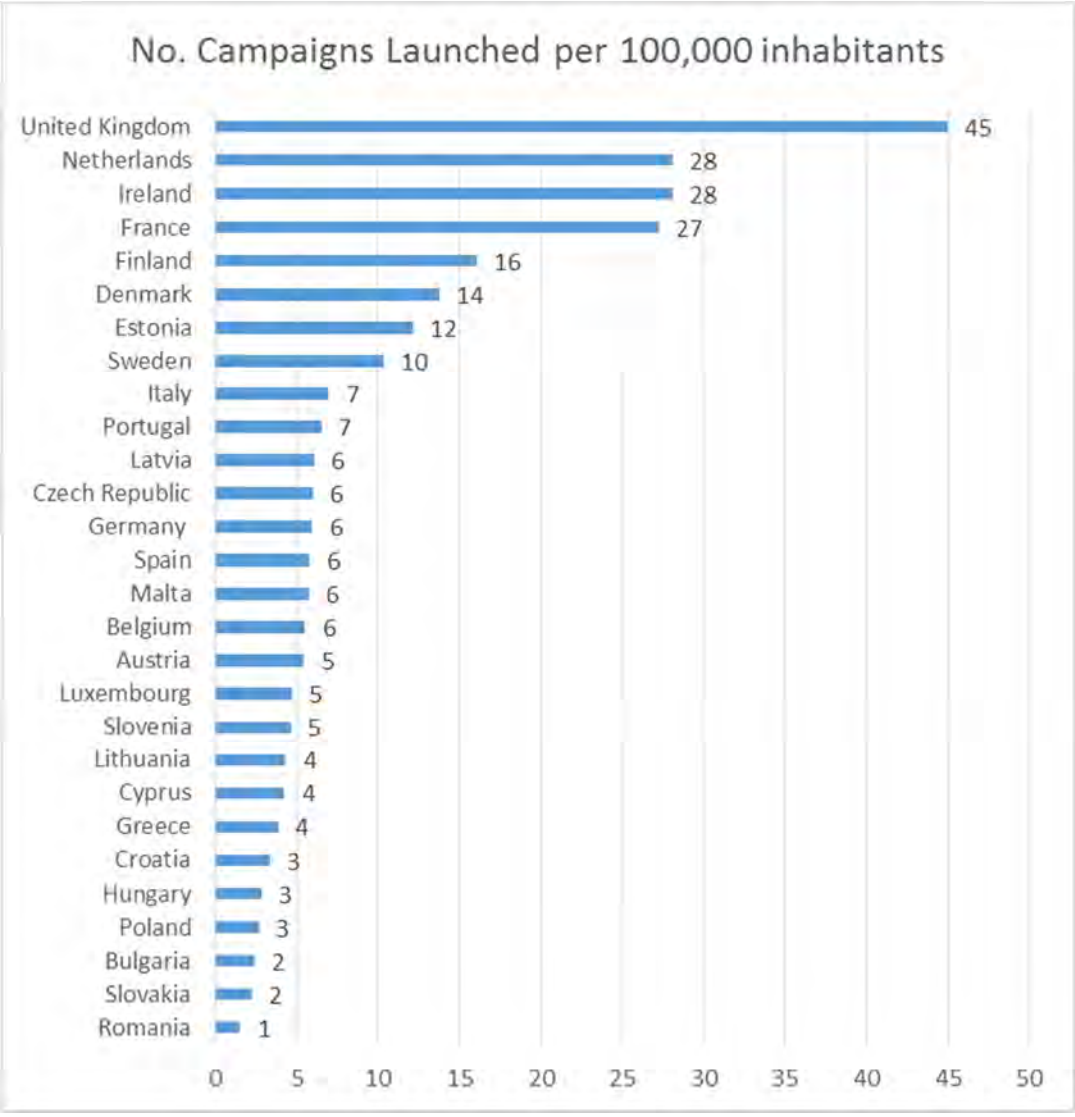


Source: own calculations, based on Crowdsurfer data

In particular, creatives in the UK and France have actively used crowdfunding to finance projects. In fact, 66% of all CCS campaigns in the period 2013-October 2016 originate in these two countries (36% in the UK and 30% in France). In comparison, campaigns launched in Germany and the Netherlands (ranked 3rd and 4th) in this period each account for only 7% of all CCS campaigns in the period of study.

When comparing the number of campaigns launched per number of inhabitants per country we see that the UK remains on top, with 45 campaigns launched per 100,000 inhabitants. It is interesting to see that the second highest number of campaigns launched per country is taken by the Netherlands and Ireland, with 28 campaigns launched per 100,000 inhabitants. Although France comes in second in numbers of campaigns launched, we see that in terms of population only 27 campaigns are launched per 100,000 citizens. See Figure 8.

Figure 8: Campaigns launched per number of inhabitants



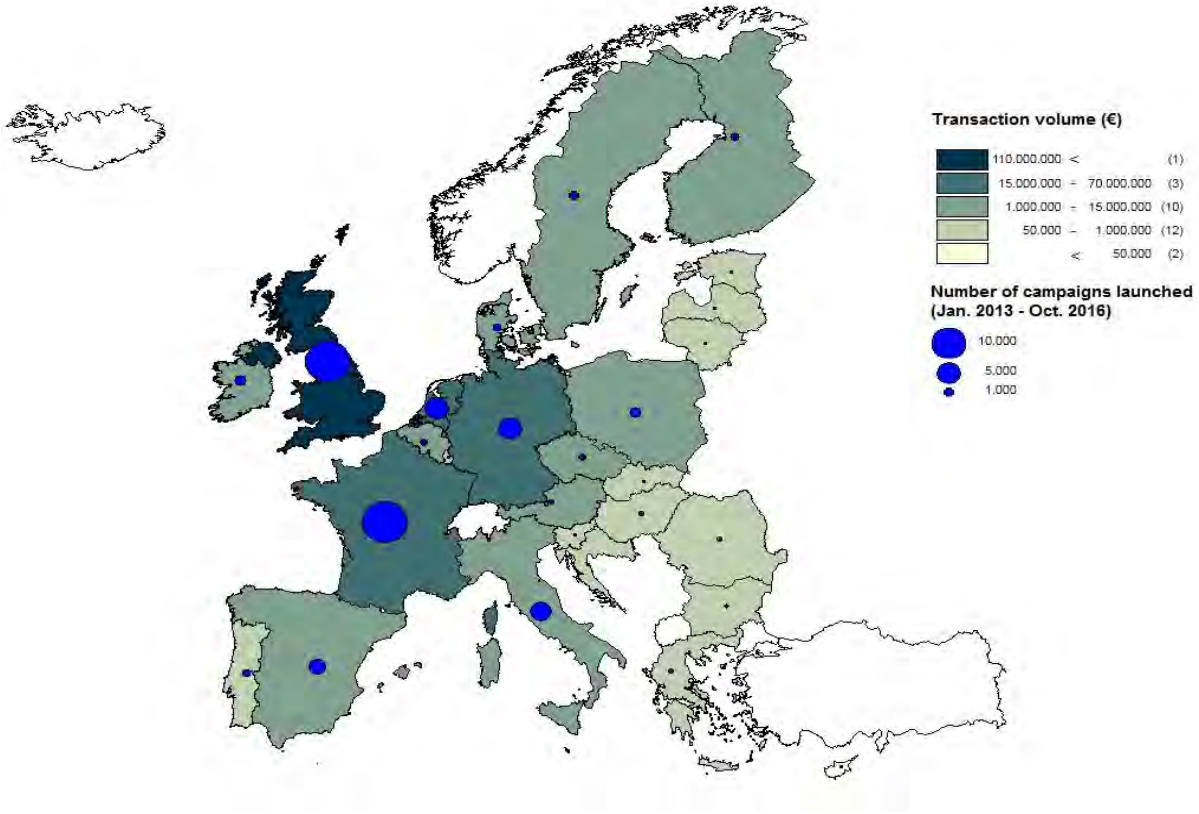
Source: Own calculations based on Eurostat data

4.1.2 €247 million raised by CCS crowdfunding campaigns

The data analysed shows that a total of €247 million has been raised by the crowd for CCS campaigns between January 2013 and October 2016.

By far the highest volume is seen in the UK with €121 million, accounting for 41% of all transaction volume (see Figure 9). France comes second with a volume of €63 million (23% of total volume), followed by Germany and the Netherlands with €23 million (8%), and Belgium with €11 million (4%). These five countries represent 87% of all raised volume from CCS campaigns in Europe.

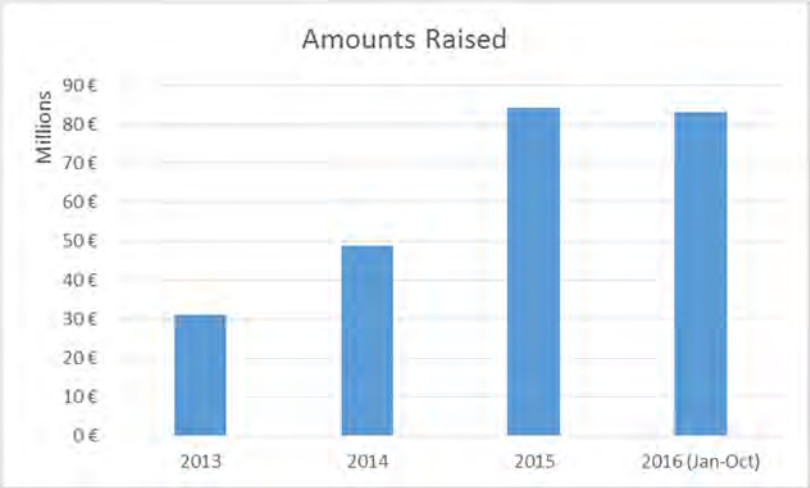
Figure 9: Transaction volume of CCS campaigns



Source: IDEA Consult, based on Crowdsurfer data

In Figure 10 below we see an increase in amounts raised since 2013, with a 42% growth between 2014 and 2015. According to Crowdsurfer data, this growth pace did not continue between 2015 and 2016; the amounts raised in 2016 remain rather similar than those in 2015.

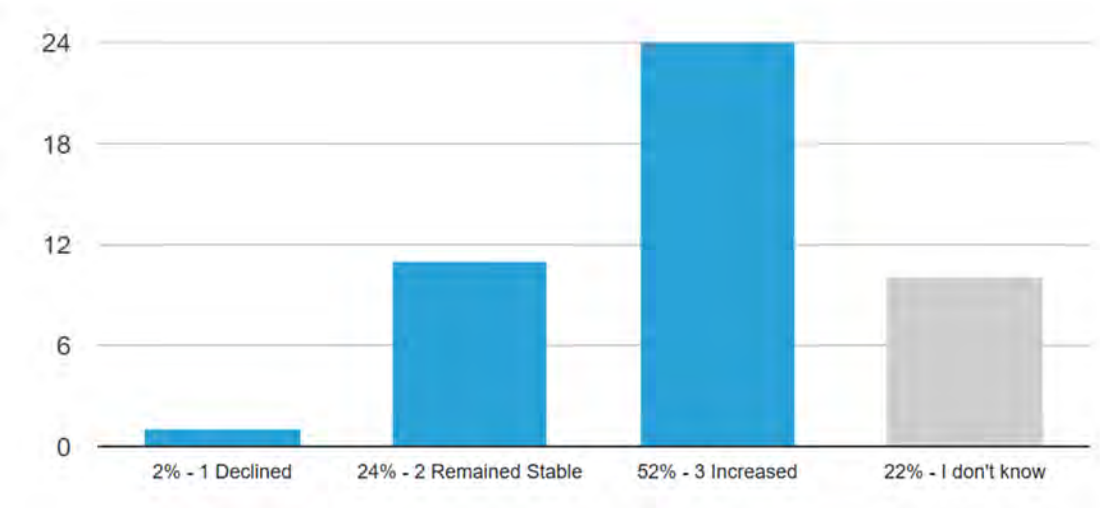
Figure 10: Amounts raised by CCS campaigns per year



Source: IDEA Consult, based on Crowdsurfer data

A similar outcome is seen in the platforms' survey analysis, which reveals that 76% of the platforms surveyed admit that the amount of funds raised for CCS projects has increased or remained stable over time.

Figure 11: Evolution of amount of funds raised for CCS projects (a) (Platforms' survey)



Source: IDEA Consult based on survey results

(a) Question in the survey: "How has the total amount of funds raised for projects in the Cultural and Creative Sectors evolved over time?"; n = 46

What is also interesting to notice from the platform survey is that 1/5 of platforms (22%) do not know the amounts raised by the CCS on their own platform. This figure illustrates the limited capacity that some platforms have when analysing their own data.

4.2 Reasons for (not) using crowdfunding

4.2.1 Main drivers for using crowdfunding

In the CCS survey we have asked respondents about their reasons to use crowdfunding (why they are planning to use/are using/have used crowdfunding). The "top 4" drivers for using crowdfunding are very similar for the respondents planning a crowdfunding campaign and for the respondents running or having run a campaign (see *Table 2*). Two types of reasons prevail:

- crowdfunding is used as a "**financing tool**" in the absence of other available finance or to match other types of finance; and
- crowdfunding is used as a "**community building tool"** in order to increase community involvement or reach a wider audience.

Table 2: Top 4 reasons for using crowdfunding (a) (b) (c) (CCS survey)

Reasons for using crowdfunding	Weighted score for respondents having run or running a campaign	Weighted score for respondents planning a crowdfunding campaign in the coming year
In absence of other available finance, crowdfunding seems an appealing option	24%	24%
To strengthen community involvement	18%	16%
To reach out to a wider/new type of audience	17%	18%
To match other types of finance that they use (e.g. bank loans, government grants, gifts, ... not originating from crowdfunding)	17%	15%

Source: IDEA Consult based on survey results

(a) Question in the survey (for those using or having used crowdfunding): "Please indicate the top 3 reasons why your organization chose crowdfunding. Select top 3 (ranking) - please select at least 1"; n = 325

(b) Question in the survey (for those planning a campaign): "Please indicate the reason(s) why your organization is planning a crowdfunding campaign. More than one answer possible – rank in order of importance"; n = 363

(c) The weighted score is a score weighted according to the ranking it received from the respondents. It has been computed on the basis of the following calculation method: items selected first receive a higher value than the next ones in the list. This value is exponential and depends on the number of selections in the rank order scale. In the graph, the percentage of all of these values (compared to the total) is shown. For an example of the calculation method, please see: https://www.checkmarket.com/kb/how-do-i-interpret-rank-order-scale-results/*. As such, the weighted score gives a statement about the importance of a certain reason compared to the other reasons, but is not a mere reflection of the number of respondents that chose this answer.*

4.2.2 Main reasons for not using crowdfunding

In the CCS survey we also asked CCS actors that have not used crowdfunding so far what the main reasons are for this. The top 3 reasons are (see Figure 12):

- CCS actors have no need to look for additional funding;
- crowdfunding is too complicated and/or too time consuming to implement; and
- CCS actors experience hesitance to ask family or friends for money.

Also, the lack of a strong crowdfunding campaign idea and a (too) small network of contacts are barriers to using crowdfunding. Reasons such as disliking crowdfunding and what it represents, or the lack of insight on the target amount to ask are not perceived as an obstacle to use crowdfunding.

Figure 12: Reasons for not using crowdfunding according to CCS actors (a) (b) (CCS Survey)

Source: IDEA Consult based on survey results

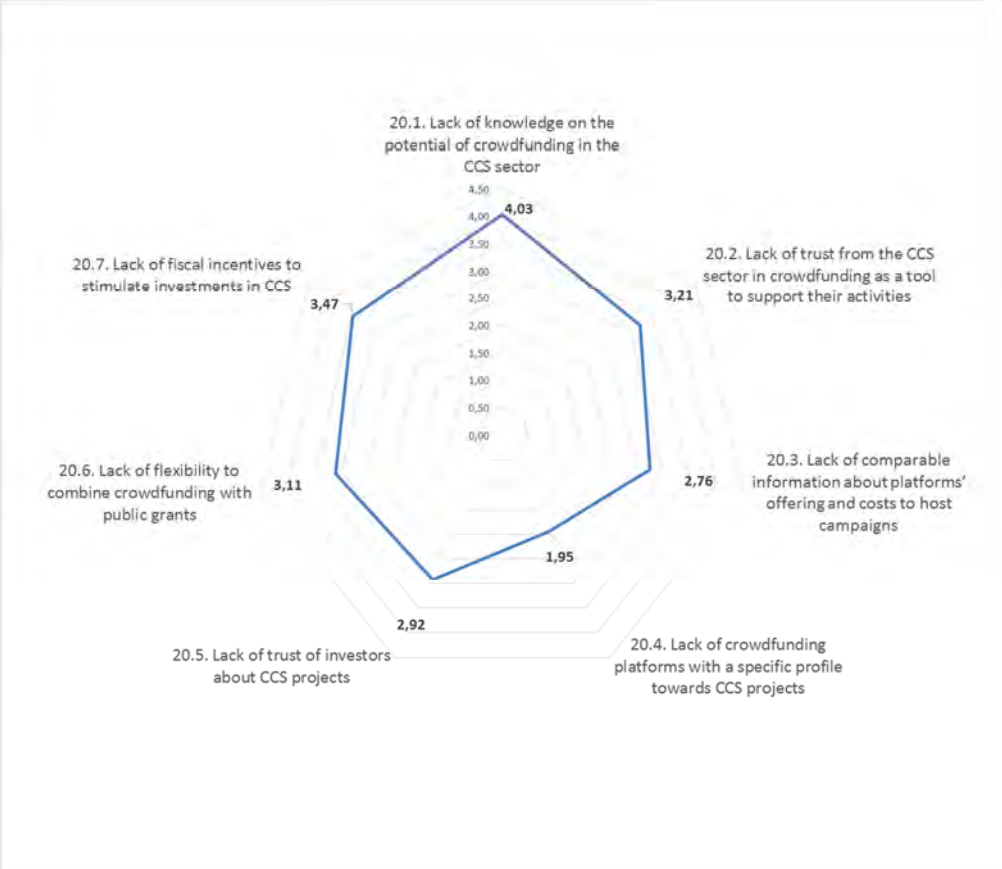
(a) *Question in the survey: "Please indicate the reason(s) why your organization has never used crowdfunding. More than one answer possible - rank in order of importance." This question was only asked to respondents who indicated never to have used crowdfunding; n = 471*

(b) *The weighted score is a score weighted according to the ranking it received from the respondents. It has been computed on the basis of the following calculation method: items selected first receive a higher value than the next ones in the list. This value is exponential and depends on the number of selections in the rank order scale. In the graph, the percentage of all of these values (compared to the total) is shown. For an example of the calculation method, please see:* https://www.checkmarket.com/kb/how-do-i-interpret-rank-order-scale-results/*. As such, the weighted score gives a statement about the importance of a certain reason compared to the other reasons, but is not a mere reflection of the number of respondents that chose this answer.*

In the surveys, we have also asked the opinion of the **crowdfunding platforms** on the obstacles to crowdfunding by the CCS (Platforms' survey). Figure 13 gives an overview of the obstacles that platforms highlight for the uptake of crowdfunding in the CCS. **The lack of knowledge on the potential of crowdfunding in the CCS comes up as the most important obstacle.** On the other hand, the platforms do not think that there is a lack of CCS specific crowdfunding platforms, nor do they feel that there is a lack of comparable information about platforms' offerings and costs to host campaigns – these are not considered as a barrier to the use of crowdfunding by the CCS by platforms. However, from the CCS survey results we see that CCS actors do indicate that "insufficient insight about what platform to choose" does influence the uptake of crowdfunding.

Other elements that platforms consider as obstacles, although not major, to the uptake of crowdfunding in CCS are a **lack of fiscal incentives to stimulate investments in CCS and a lack of trust** from the CCS sector in crowdfunding as a tool to support their activities. It can be assumed that the latter (lack of trust) is closely related to the obstacle of lack of knowledge on the potential of crowdfunding in the CCS, which platforms consider as the main obstacle.

Figure 13: Obstacles to the use of crowdfunding by CCS according to crowdfunding platforms (a) (Platforms' Survey)



Source: IDEA Consult based on survey results

(a) Legend: 1= not an obstacle, 2= an unimportant obstacle, 3 = neutral, 4= an important obstacle, 5= a very important obstacle.
(b) Averages for each question.
(c) Question in the survey: "In your opinion, to what extent do the following reasons obstruct the use of crowdfunding for Cultural and Creative (CCS) projects in Europe:"1=Not at all, 2=A little, 3=Neutral, 4=Much, 5=Very Much; n = 38

4.3 Characteristics of CCS crowdfunding campaigns

Following the general overview of the uptake of crowdfunding in the CCS in Europe and motivations for (not) using crowdfunding, in this section we focus the analysis on the characteristics of the crowdfunding campaigns that CCS actors have launched:

- For what purpose were crowdfunding campaigns set up?
- Which hosting platforms were chosen?
- Which crowdfunding models were chosen?
- What average goal amount was set?

4.3.1 Specific purpose of the crowdfunding campaigns

For the majority of the respondents of the **CCS survey**, **crowdfunding is/has been used to (co-)finance a specific creative work** (a film, a painting, a performance, a book, etc.). This is the case for 67% of the respondents planning a crowdfunding campaign and for 62% of respondents having used or using crowdfunding (who focus on their last crowdfunding campaign). This confirms the findings of Fruner et al. (2012) who found that 76% of all crowdfunding projects in the music sector related to the recording of an album (see section 3.3). Crowdfunding is used to a much lesser extent to (co-)finance a recurring operational cost (21% of those planning

a campaign; 14% of those running/having run a campaign) or a specific investment (respectively 7% and 11% of respondents).

These results are **in line with the results of the backers' survey**, where 69% of the backers indicated that the project owner they backed raised money to (co-)finance a specific creative work. According to respectively 15% and 9% of the backers, the project owner they supported ran a crowdfunding campaign to (co-)finance a specific investment or a recurring organisational cost.

4.3.2 Choice of the hosting platforms[99]

Of all CCS crowdfunding campaigns launched between January 2013 and October 2016, only 53% were launched on crowdfunding platforms located in the EU, whereas almost half of the campaigns were hosted on US-based platforms (47%) (see Figure 14). Despite the numerous platforms available in Europe, many European creatives appear to prefer a US-based crowdfunding platform to launch their projects (with the US-based global platforms Kickstarter and Indiegogo attracting most of these campaigns – see also Figure 20). We also identify a very small number of campaigns using non-EU platforms outside the US (281 or 0.003% – see 'other' in graphs)[100].

According to our research[101], the main reasons for European creatives to use US-based platforms are:

- **attractiveness of the US-based global platforms** Kickstarter and Indiegogo in particular as major platforms with a huge global backers' community that project holders can tap into;
- **lack of a suitable crowdfunding platform in the home country**. Because of the English language being considered as a 'global' language (to avoid language barriers in communicating with their backers) – and in combination with the strong brand recognition[102] of especially US-based global platforms such as Kickstarter and Indiegogo - they are rather attracted to using one of those platform than a platform in another European country (also due to unawareness about the existence of other European crowdfunding platforms). Over time, Kickstarter has managed to overcome national borders and is now seen as a 'US-based global platform'. So far, none of the platforms based in Europe have managed to build a truly 'European' (or global) image in that CCS niche. Even one of the largest crowdfunding platforms in Europe active in the CCS (KissKissBankBank) is still to a large extent associated with France, including the (perceived) linguistic barriers;
- **reach out specifically to US backers** that are, in general, considered to be more used to crowdfunding and philanthropic, or have other incentives for financing cultural and creative initiatives and are less risk averse when it comes to supporting entrepreneurial initiatives compared to their European counterparts; and
- **market research to enter the US market**.

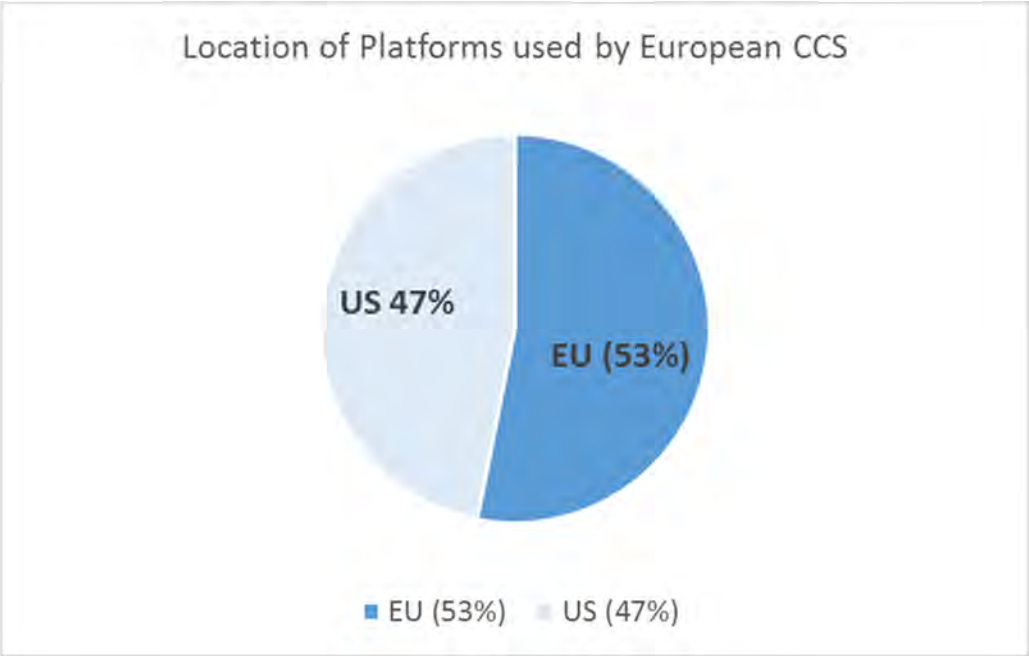
[99] Data available for n=73,953 campaigns

[100] in Australia (153), South Africa (124), India (1), Canada (1), New Zealand (1), Singapore (1)

[101] Based on interviews and stakeholder discussions

[102] i.e. both Kickstarter and Indiegogo are a strong brand when people think about crowdfunding (even when you are not so familiar with crowdfunding), thus automatically attracting people that look for a platform.

Figure 14: Location of crowdfunding platforms hosting European CCS campaigns

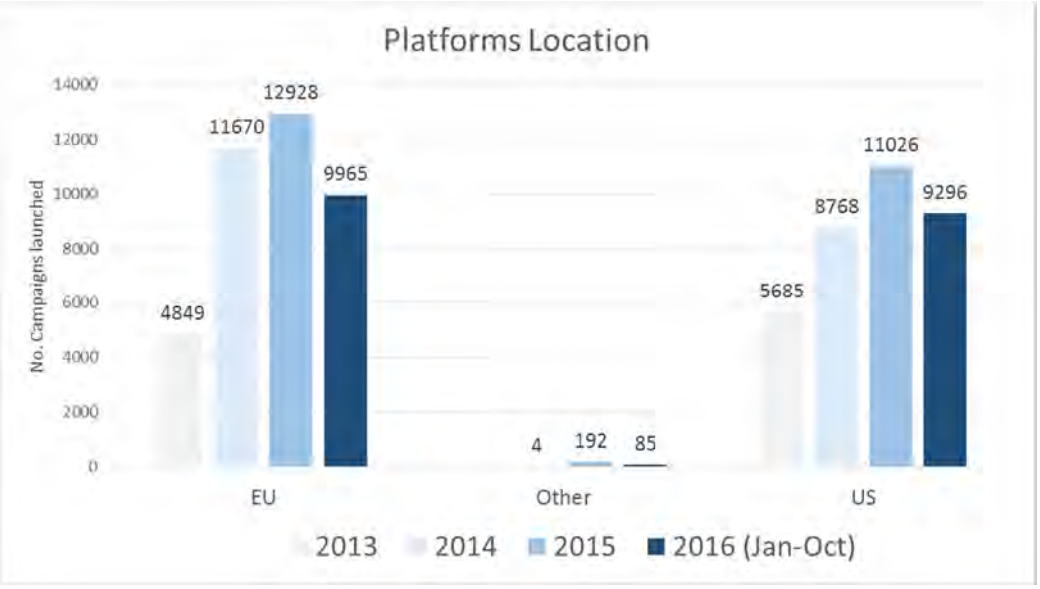


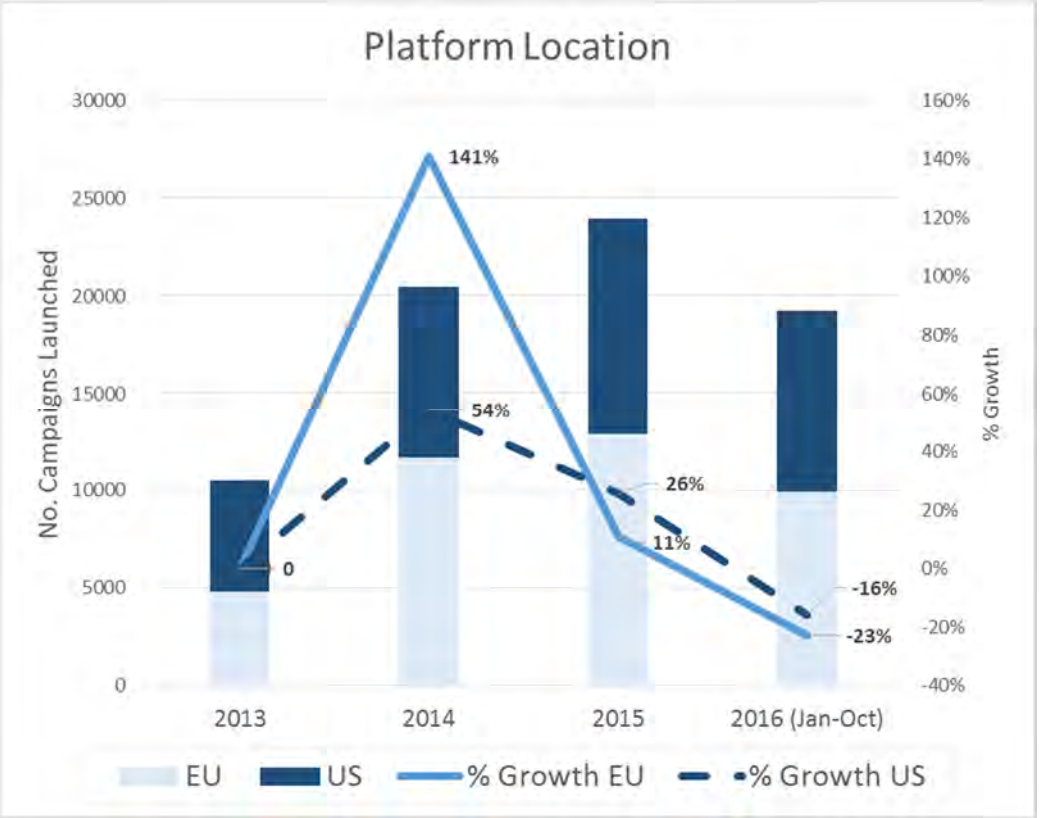
Source: own calculations, based on Crowdsurfer data

The overall number of crowdfunding campaigns launched by European creatives has increased on both EU and US-based platforms since 2013 (see Figure 15). However, the growth has been less pronounced on US-based platforms. Between 2013 and 2015 the number of campaigns launched has increased on average by 50% on EU platforms and 26% on US-based ones[103].

[103] Figures exclude data from 2016

Figure 15: Growth in number of CCS crowdfunding campaigns, EU versus non-EU platforms (2013 - October 2016)



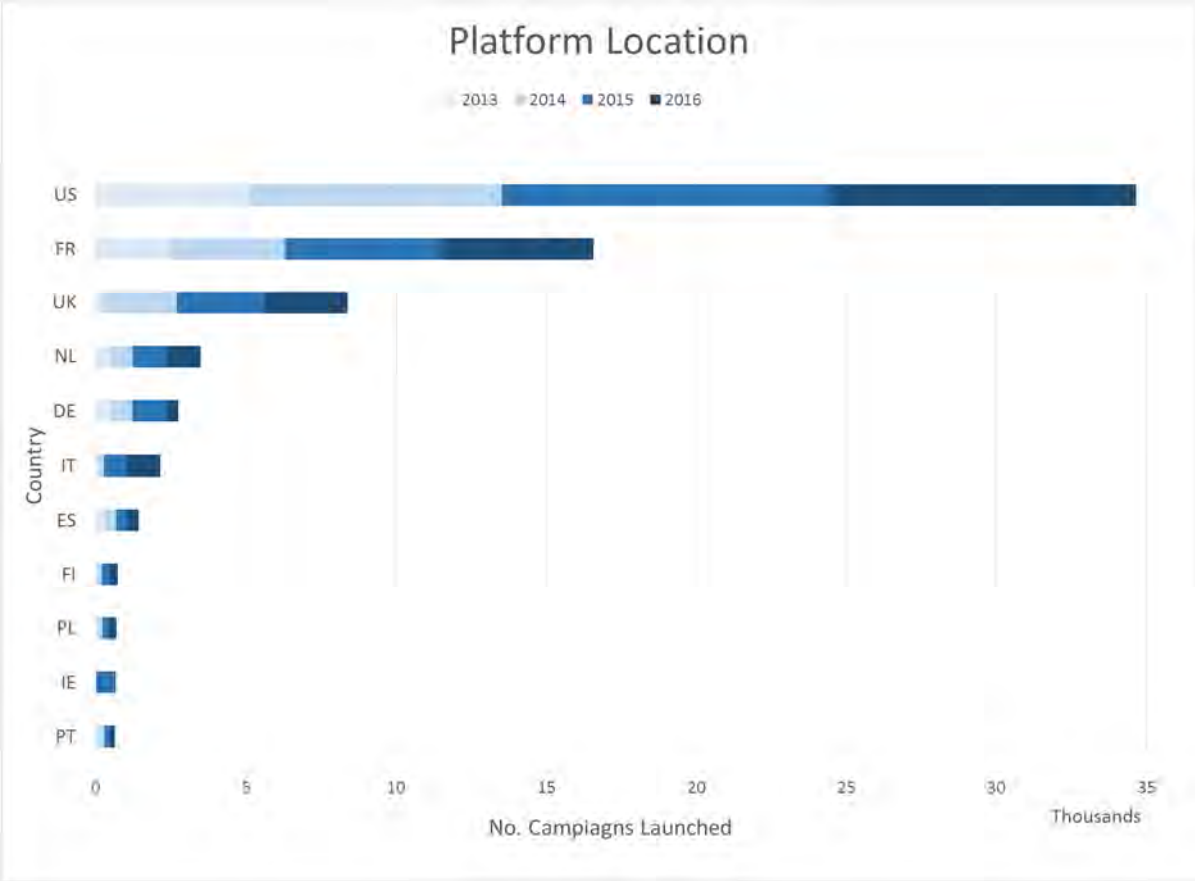


Source: own calculations, based on Crowdsurfer data

At the country level, the largest number of European CCS projects are launched on US-based platforms (34,670 campaigns)[104] – primarily those with a global outreach, followed by French platforms (16,585 campaigns) and UK platforms (8,383 campaigns). High activity can also be observed on Dutch platforms (3,482 campaigns), German (2,751 campaigns), Italian (2,154 campaigns), and Spanish (1,433 campaigns). Finish (716 campaigns), Polish (688 campaigns), Irish (654 campaigns) and Portuguese platforms (625 campaigns) complete the list where more than 500 CCS campaigns by Europeans have been hosted since 2013. All other EU members hosted less than 500 CCS crowdfunding campaigns since 2013. In ten EU member states, even less than 50 CCS campaigns were launched since 2013 on local platforms (see Figure 16).

Figure 16 : Platform location of CCS campaigns launched in 2013 - October 2016

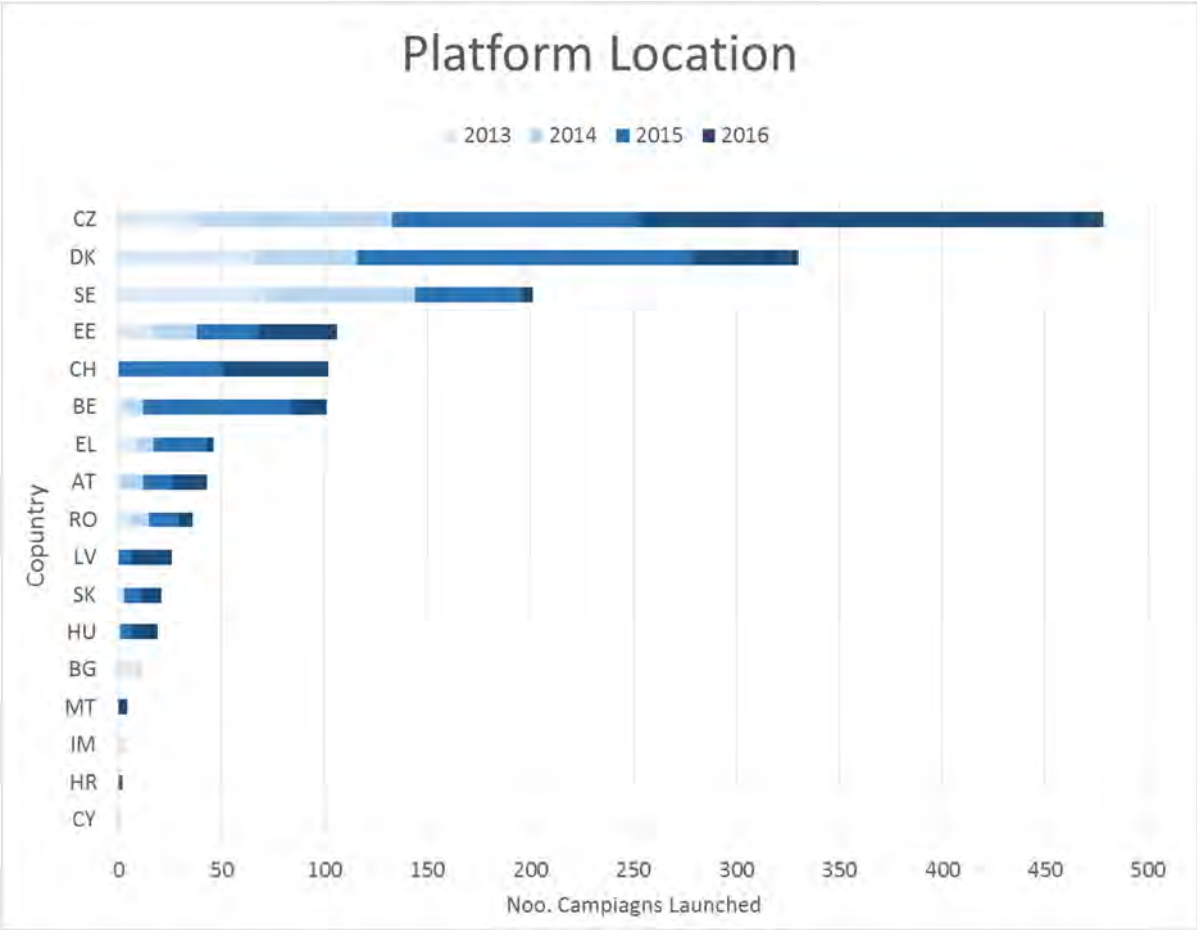
a) *Location of Platforms hosting >500 European CCS crowdfunding campaigns*



Source: own calculations, based on Crowdsurfer data

[104] Platforms such as Kickstarter that have made their services available in European countries are still considered US-based platforms.

b) Location of platforms hosting 500 or less CCS crowdfunding campaigns

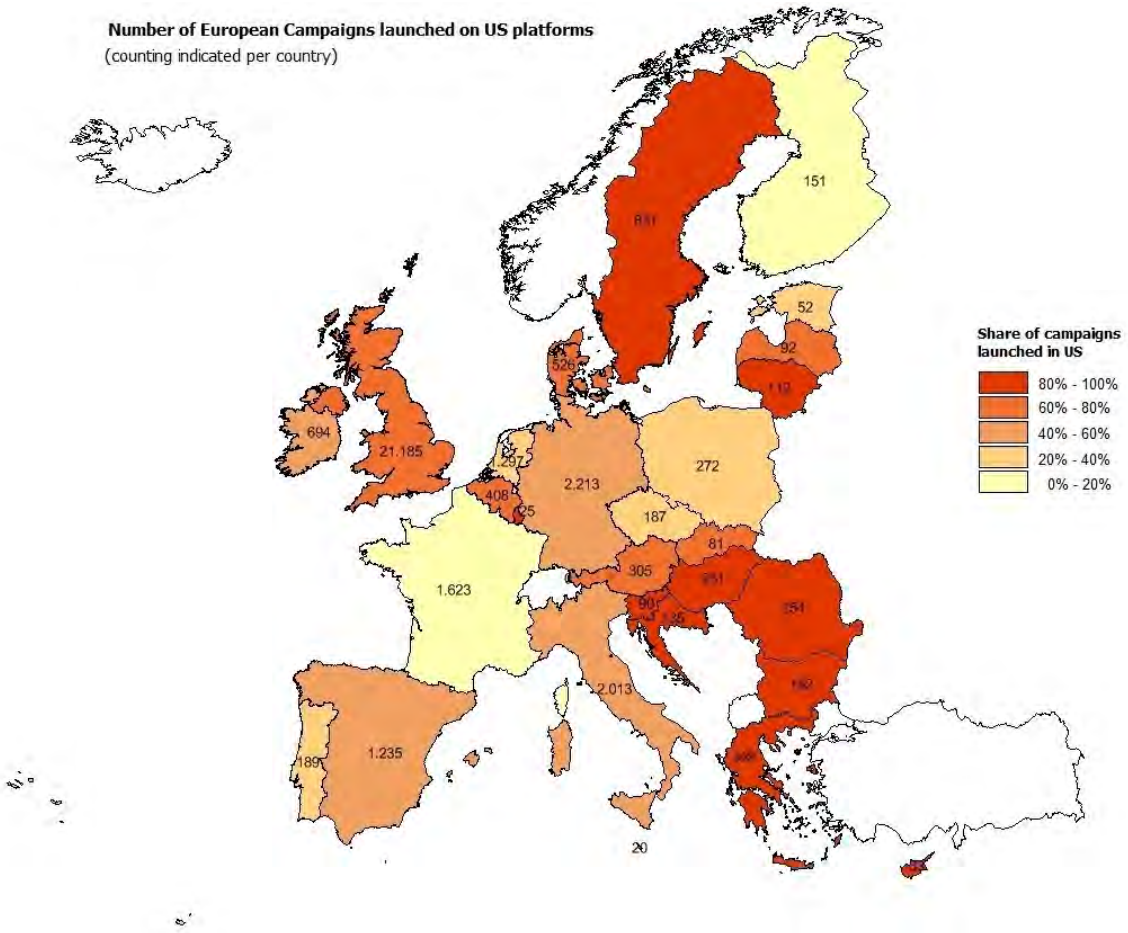


Source: own calculations, based on Crowdsurfer data

European CCS crowdfunding campaigns on US-based platforms

European CCS campaigns launched on the US-based platforms – primarily on the global platforms Kickstarter and Indiegogo - come from all 28 EU member states. By far most European campaigns on those platforms come from UK creatives (21,185 campaigns). The UK is followed by Germany (2,213), Italy (2,013), France (1,623), the Netherlands (1,297), Spain (1,235), Sweden (831), Ireland (694), Denmark (526), and Belgium (408). 92% of all campaigns launched on US-based (global) crowdfunding platforms by European creatives come from these top 10 countries.

Figure 17: Relative share of CCS campaigns launched on US-based (global) platforms

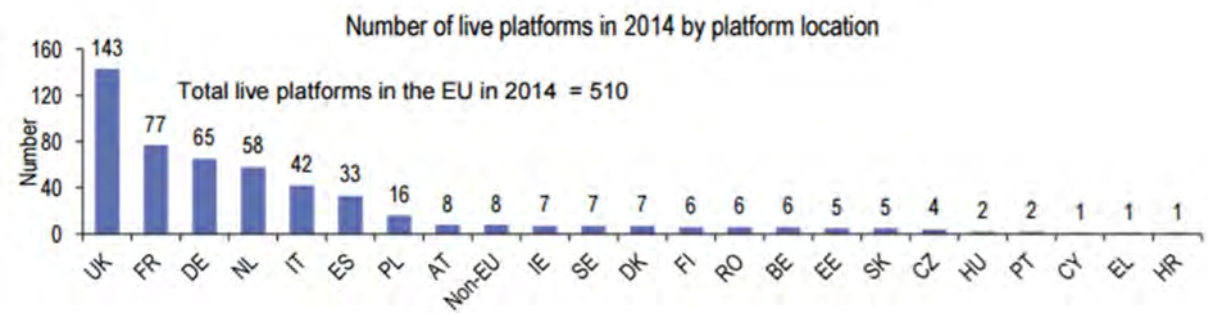


Source: IDEA Consult, based on Crowdsurfer data

The map shows a big difference between countries like France, where between 0 and 20% of creative projects are launched on US-based (global) platforms, and Greece where more than 80% of projects are launched on US-based (global) platforms.

This difference among European countries on the use of local vs US-based (global) platforms by creatives can be largely attributed to the lack of local platforms in countries where crowdfunding is not very developed. For instance, if we compare countries where US-based (global) platforms are highly used (60-100%) with the number of platforms active in that country (see graph below), we can see a clear correlation.

Figure 18: Analysis of live platforms in the EU by platform location



Source: Crowdfunding: Mapping EU markets and Events report [1]

However, such assumption does not hold true for the UK, where 60-80% of campaigns are launched in the US, despite the high number of local platforms, illustrating that other motivations are also at play here.

Next to a lack of local platforms, a number of other reasons appear why European creatives frequently adhere to US-based (global) platforms, such as:

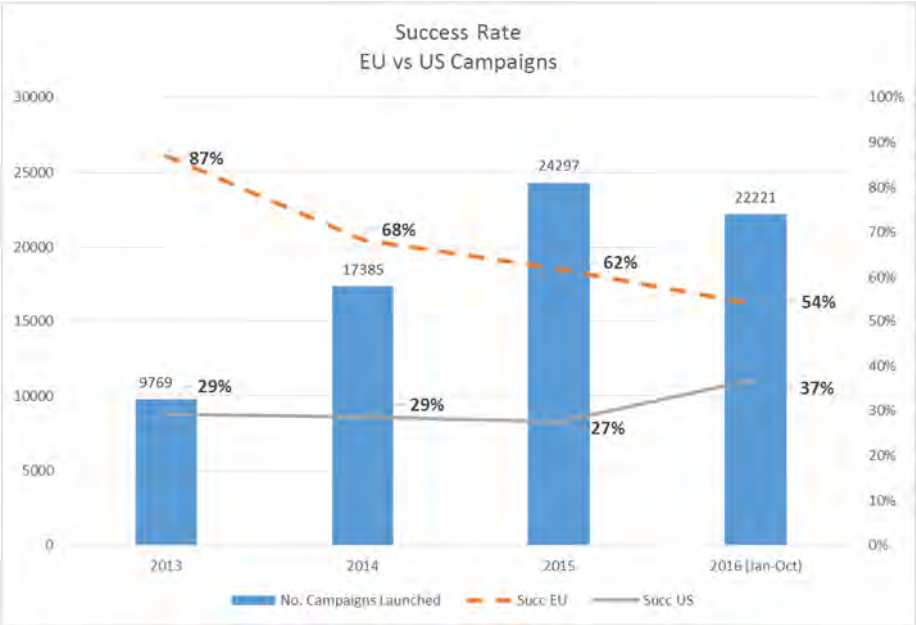
- getting access to US and global backers and audiences/community: Acting as a bridge between European creatives and US/global backers, American crowdfunding platforms have become an important intermediary for cultural funding in Europe. With Kickstarter, the US hosts one of the largest crowdfunding platforms, giving creatives access to a network of more than 10 million backers worldwide[105]; and
- using crowdfunding as a tool for market research to enter the US market.

Since 2013, a total of 25 different US-based platforms were used by European creatives (compared to 359 EU-based platforms). The market is clearly dominated by the US-based global platforms Kickstarter (19,692 campaigns from European creatives) and Indiegogo (13,624 campaigns), which together account for 96% of EU campaigns launched by European creatives in the US. The third most used US-based platform by European creatives is GoFundMe with 1,020 campaigns. The other 22 US-based platforms host a total of 439 campaigns, 16 of which hosted less than 10 campaigns since 2013.

European CCS projects launched on US-based (global) platforms appear to have a lower success rate (31%) than those launched on European platforms (68%). However, it is worth noting that this gap of higher success rates for EU-projects on US-based platforms compared to EU-projects on EU-based platforms is narrowing. Whereas the success rate of European CCS campaigns on the US-based platforms has remained stable at around 29% between 2013 and 2015, it increased to 37% in 2016. On EU-based platforms success rates have come down significantly from 87% in 2013 to 54% in 2016. It remains to be seen to what extent this evolution will continue in the coming years.

[105] https://www.kickstarter.com/about?ref=nav

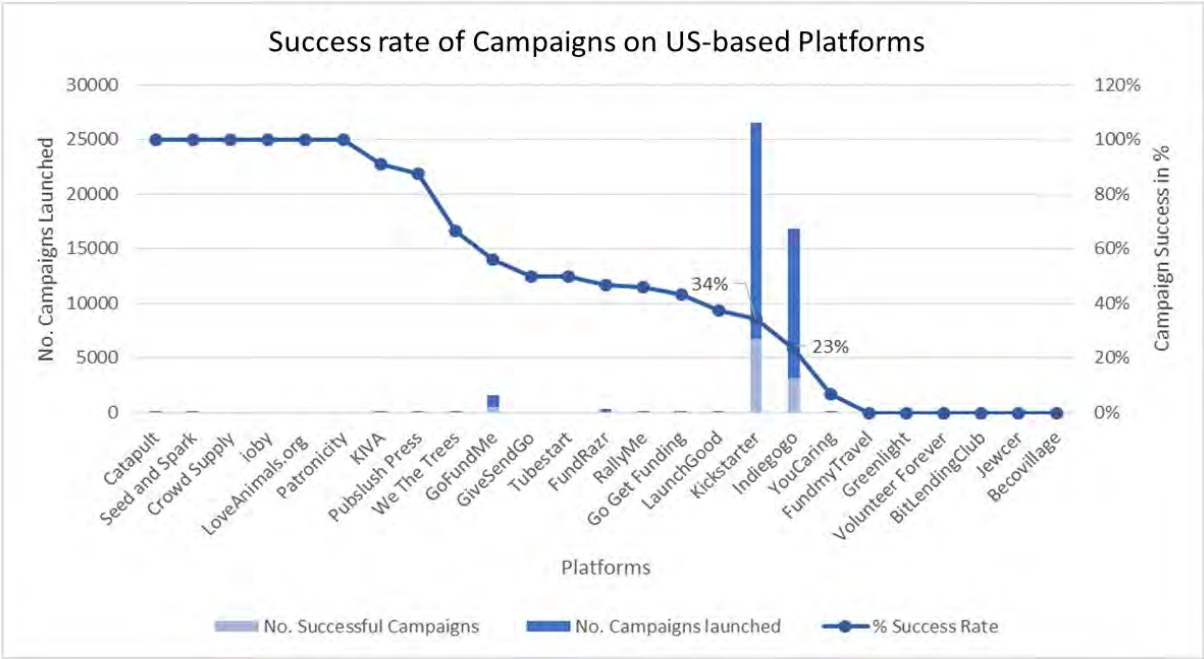
Figure 19: Success rates of CCS campaigns on EU- versus US-based crowdfunding platforms



Source: IDEA Consult, based on Crowdsurfer data

Looking at the example of European CCS campaigns launched on the two US-based global platforms, Kickstarter and Indiegogo, they have a success rate of 34% and 23% respectively. These platforms have a lower success rate if compared to other US-based platforms like Kiva (Loan platform), Catapult, Seed and Spark, etc. where all EU creative projects launched have been successful in reaching their goal (see Figure 20). However, the number of campaigns launched on these latter platforms is extremely small and cannot be compared to the number of campaigns launched on Kickstarter and Indiegogo.

Figure 20: Success rates of European CCS crowdfunding campaigns on US-based crowdfunding platforms



Source: own calculations, based on Crowdsurfer data

It is worth noticing that the success rate of European creatives using Kickstarter (35%) is similar to the overall success rate of campaigns launched on this platform (35.74%)[106]. On the other hand, the success rate of European creatives using Indiegogo (23%) is more than double the average rate of the platform (9%)[107].

Figure 21: Success rate of Kickstarter and Indiegogo

	Overall Success rate	Success rate of European creatives
Kickstarter	35.74%	34%
Indiegogo	9%	23%

Reward-based crowdfunding remains the preferred crowdfunding model for European creatives that are active on the US-based platforms, with 32,624 campaigns launched (see Figure 22 left). The US-based global reward-based crowdfunding platform Kickstarter is the main driver in this segment. Only 25 campaigns used peer-to-peer lending and 2,126 used donation-based crowdfunding. The lending platforms used are Kiva (22 campaigns) and BitLendingClub (3). Equity crowdfunding is still in nascent phase in the US, authorised only in the second quarter of 2016. Crowdsurfer data showed no activity on equity crowdfunding platforms based in the US by EU creatives in the period of study.

This big discrepancy between donation/reward and investment platforms relates to restrictive regulation on cross border investment. Due to its interest free loans, rules on cross border investment do not apply to Kiva, an international non-profit organisation.

Figure 22: Models used by European creatives on US-based crowdfunding platforms and amounts

Source: own calculations, based on Crowdsurfer data

The graph on the right in Figure 22 shows that €3.5 million (4%) was raised in donation models out of €88 million pledged. European creatives have successfully raised €109 million on US-based (global) platforms using reward

[106] https://www.kickstarter.com/help/stats

[107] https://thecrowdfundingformula.com/2015/11/13/kickstarter-vs-indiegogo-2/

crowdfunding. This, however, accounts only for 5% of the total amount pledged, showing that the appetite for funding is very high.

Specific Case study: Kickstarter data and analyses

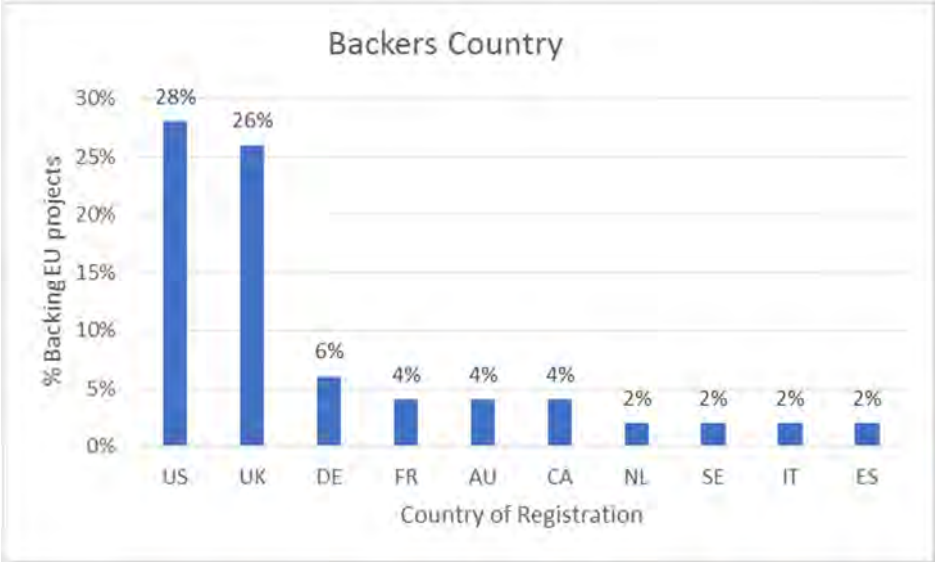
Due to the high number of projects launched on Kickstarter (19,692[108]) by European creatives, in the next paragraphs we will pay particular attention to this platform. To this end, we asked Kickstarter to provide us with data on amounts raised and origin of backers for European creative projects launched on their platform in the period of study (January 2013-October 2016). The analysis of the data was conducted by the Kickstarter team itself.

Kickstarter is one of the first reward-based crowdfunding platforms launched in the US in early 2009. Since then it has created a global community built around creativity and creative projects. Over 10 million people have backed a Kickstarter project, raising a total of $2.8 billion for 118,741 projects[109].

According to data provided to us by Kickstarter, European project holders have raised a total of €357.5 million (US$383,071,063) between April 2009 and Dec 2016[110].

The graph below shows the top ten countries where backers supporting European creative projects come from. We can see that through Kickstarter, European creatives reach out to donors/backers not only in Europe (44%) but also in the US (28%), Canada (4%) and Australia (4%). Most of the European backers come from the UK. This correlates with the high number of UK projects launched on US-based (global) platforms (60-80%, see Figure 17).

Figure 23: Country of origin of backers supporting European CCS projects on Kickstarter



Source: Kickstarter

Platforms in Europe are often restrictive about backer's information and a similar analysis could not be done on projects launched on EU platforms. However, it seems that at least on Kickstarter through crowdfunding creatives manage to form new communities of supporters, beyond local or national borders. The Kickstarter data show that creatives can use crowdfunding to reach out to communities globally. Moreover, Kickstarter is transparent about the country of backers that supports a specific project and project holders are able to see from which country their support base is coming from. Although we could not analyse the countries of backers that support EU CCS campaigns, Kickstarter provided us with data regarding US supporters of European campaigns. Since 2009 backers

[108] Project launched between January 2013-October 2016

[109] Stats checked on 31st January 2017

[110] Includes projects in food and technology

based in the US have supported EU creative projects with €100 million ($107 million). On average that comes down to around €12.5 million a year. Further research would be needed to shed light onto the motivation of US-based backers to donating to European creative projects.

Selection criteria for a crowdfunding platform

From the survey analysis (CCS survey), we find that the main criteria to select a certain crowdfunding platform are:

- it offers the right crowdfunding model;
- it is recommended by others;
- it has a specific sector focus; and
- it appears to have hosted many successful campaigns.

The criteria to select a crowdfunding *platform* are similar for the respondents that are planning to run a campaign, and for those that are currently doing so or have done so in the past (see Table 3). However, the platform costs are an important criterion for those planning a campaign, in contrast to those currently running or having run a campaign. Finally, the possibility for cross-border transactions is not an important selection criterion for the CCS respondents. Nevertheless, for those planning a campaign, the international outreach of a crowdfunding platform was the fourth most indicated selection criterion (not displayed in the table below).

Table 3: Main criteria for CCS actors to select a crowdfunding platform (a) (b) (c) (CCS Survey)

Criteria to select a crowdfunding platform	Weighted score for respondents having run or running a campaign	Weighted score for respondents planning a crowdfunding campaign in the coming year
Right crowdfunding model offered (i.e. donation/reward/lending or equity)	19%	18%
It is recommended by others who used the platform	12%	15%
Specific focus on our sector	10%	10%
Number of successful campaigns hosted	12%	8%
We know someone working at the platform	9%	2%
It allows funding even when the target amount is not reached	8%	7%
It offers good coaching services	7%	3%
Platform costs	7%	13%
Possibility for cross-border transactions	4%	4%

Source: IDEA Consult based on survey results

(a) *Question in the survey (for those using or having used crowdfunding): "What are the top 3 reasons why your organization chose this platform? Select top 3 (ranking) - please select at least 1" (n = 234)*

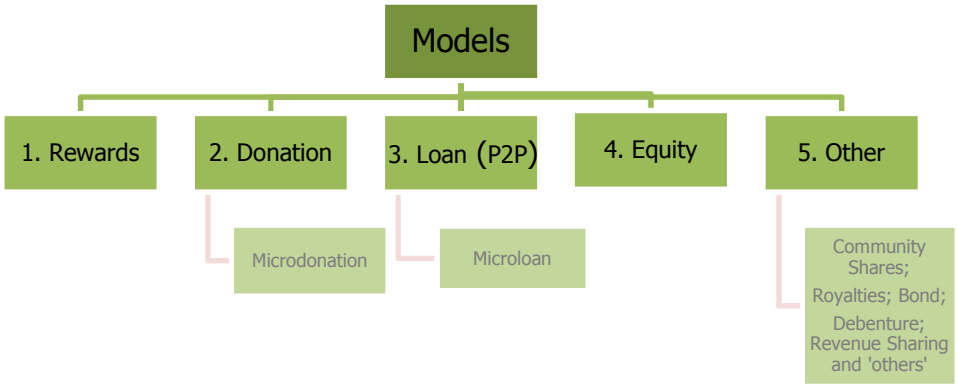
(b) *Question in the survey (for those planning a campaign): "What are your top 3 selection criteria when choosing a crowdfunding platform? Select top 3 (ranking) - please select at least 1" (n = 247)*

(c) *The weighted score is a score weighted according to the ranking it received from the respondents. It has been computed on the basis of the following calculation method: items selected first receive a higher value than the next ones in the list. This value is exponential and depends on the number of selections in the rank order scale. In the graph, the percentage of all of these values (compared to the total) is shown. For an example of the calculation method, please see:* https://www.checkmarket.com/kb/how-do-i-interpret-rank-order-scale-results/*. As such, the weighted score gives*

a statement about the importance of a certain criterion compared to the other criteria, but is not a mere reflection of the number of respondents that chose this answer.

4.3.3 Crowdfunding Models

More than twelve types of crowdfunding models have been used to launch over 74,400 campaigns between January 2013 and October 2016 in Europe. However, in order to facilitate data analysis, similar models have been grouped together. Models with only a few number of campaigns that do not fall within the main categories have been grouped under 'Other'. For the purpose of this study, crowdfunding models have been divided into the four main categories (donation, reward, p2p lending and equity) and a rest category 'other'. [111]



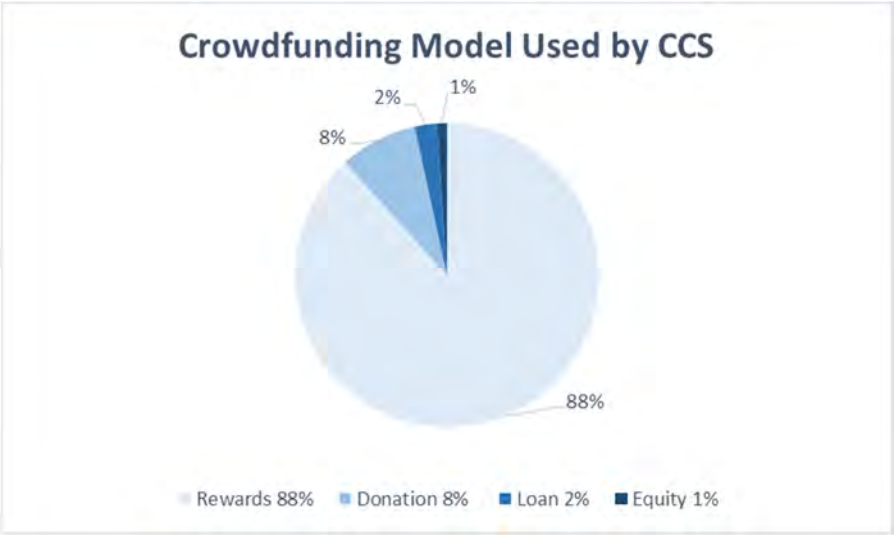
The majority (88%) of cultural and creative projects[112] used the rewards model for their campaigns in the period covered in this study. Although accounting for only 8% of projects launched, donation crowdfunding is the second most popular model. Only 2% of the CCS campaigns (1,757) have used crowdfunding for loans. The equity crowdfunding model and other models have only been used marginally: equity crowdfunding was used for 772 campaigns and the 'other' models were used for 82 campaigns.

The different surveys conducted reflect these results: 62% of backers invested in projects through the reward model and 33% through donation crowdfunding (n=296). Similarly, reward is the type of crowdfunding model used in 53% of the CCS actors' last campaign. In the second position, donation crowdfunding reaches 31% (n=114).

[111] Some services on Crowdsurfer are listed as 'Other'. This category includes any other service or site we thought might be of interest to you, but doesn't fit into any of the above larger categories. For example bill-sharing services, or technologies to create your own platform, or where the service has not yet been fully defined.

[112] Data available for n=73,956 campaigns

Figure 24: The use of different crowdfunding models in the CCS



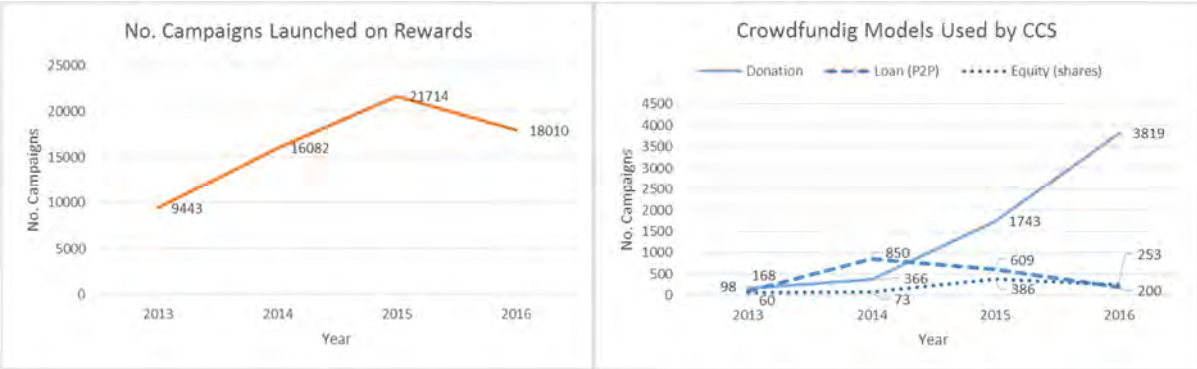
Source: own calculations, based on Crowdsurfer data

Despite the small number of equity and loan projects, these funding models have increased in popularity since 2013. Figure 25 below shows that equity crowdfunding experienced a high growth in 2015 among cultural and creative projects. Loan crowdfunding has also experienced a rapid growth in 2014, but declined after that. Only 200 loan campaigns in CCS have been launched between January-October 2016.

A more steady growth can be observed for both the donation- and reward-based models. The use of the donation model in the first 10 months of 2016 has more than doubled if compared to the whole of 2015. The number of reward-based campaigns has also grown steadily between 2013-2015. Data from the first 10 months of 2016 do show a slight decline in the number of campaigns using rewards. If we take a monthly average, we can predict a total of around 21,600 reward-based campaigns being launched all together in 2016. This number is slightly lower than in 2015.

Figure 25: Evolution over time in the use of crowdfunding models, 2013 - October 2016

(left: reward-based campaigns, right: donation, loan and equity campaigns)



Source: own calculations, based on Crowdsurfer data

Based on the results of the CCS survey, we find that the main reason for choosing a certain crowdfunding *model* is the fact that it best reflects the campaign needs of the CCS respondents (for 61% of respondents to the CCS survey that have used, or are using, crowdfunding, based on their last campaign). The continued high popularity of reward-based crowdfunding in the CCS in contrast to the market evolution of crowdfunding in general (where crowd lending has become the model most used), confirms the findings from the 'Survey on Access to Finance for CCS' (IDEA Consult, 2013) that financing in the CCS is most often project-based rather than organisation-based.

Country differences

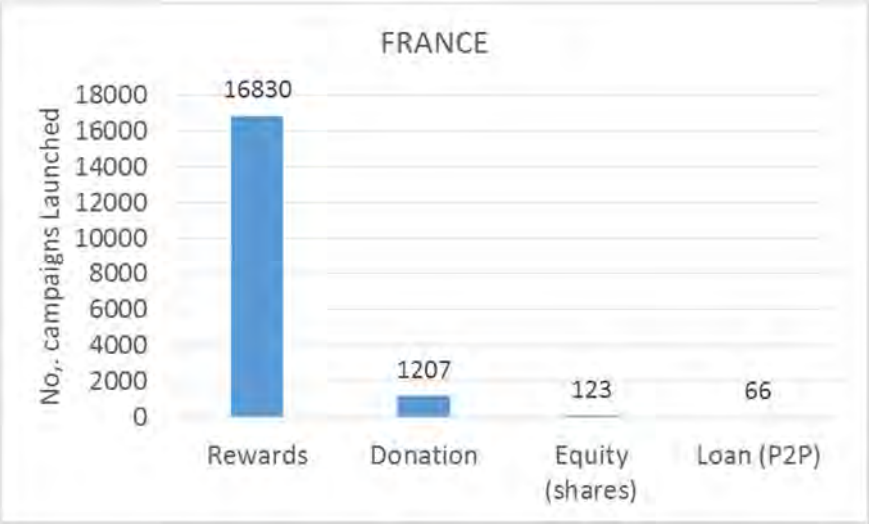
Donation and rewards crowdfunding models are present in all EU member states. The same cannot be said about loan and equity models, which are not present in projects coming from the Czech Republic, Greece, Romania, Hungary, Croatia, Slovakia, Slovenia, Cyprus, Luxemburg and Malta (see Figure 27).

When it comes to investment crowdfunding, we can see that the UK has the highest number of campaigns, with 542 campaigns launched in equity and 1,304 launched in loan.

A major role is played here by platforms in the UK, where investment crowdfunding has been supported and encouraged by local policy makers. UK equity and loan platforms, however, mostly host locally-based campaigns. In fact, there is only marginal cross-border activity present in loan and equity crowdfunding campaigns in the CCS, with a handful of non-local projects present on UK, Finnish, Latvian and Swedish platforms.

Comparatively, creatives in France, which has the second biggest volume of campaigns launched, have launched only 66 CCS campaigns in loan and 123 in equity.

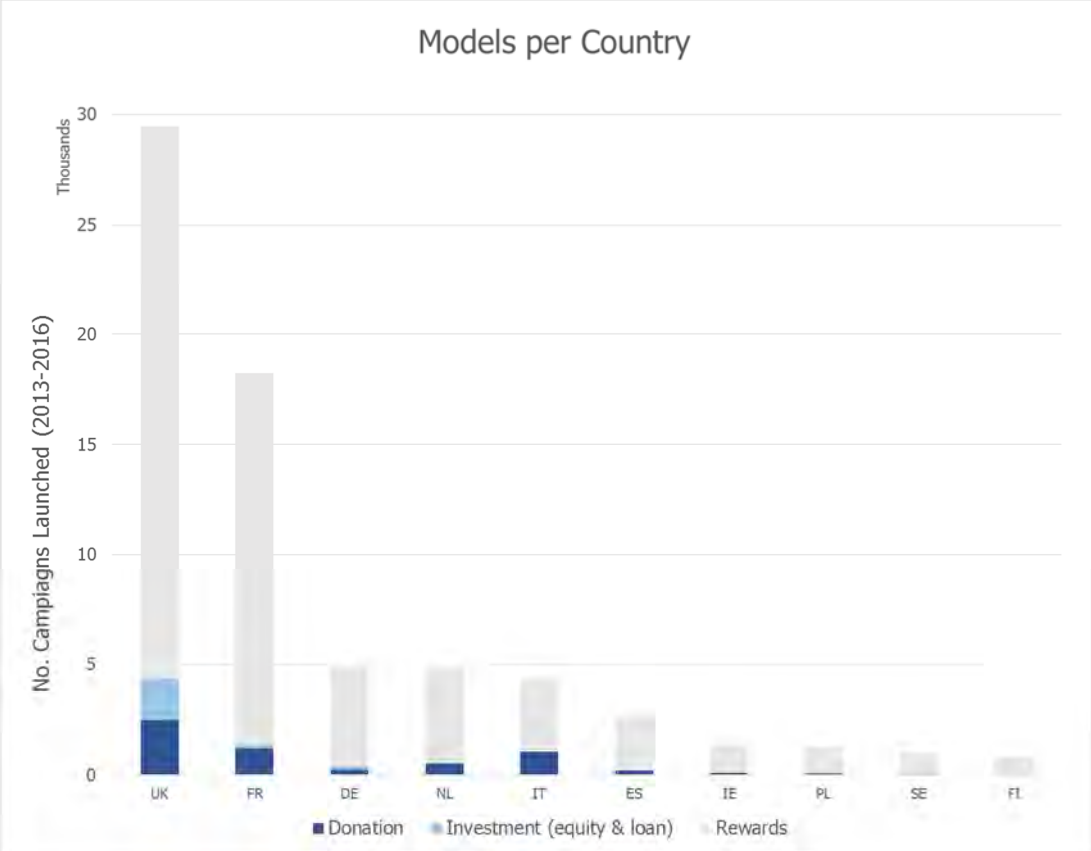
Figure 26: Country differences in the use of crowdfunding models: UK vs France

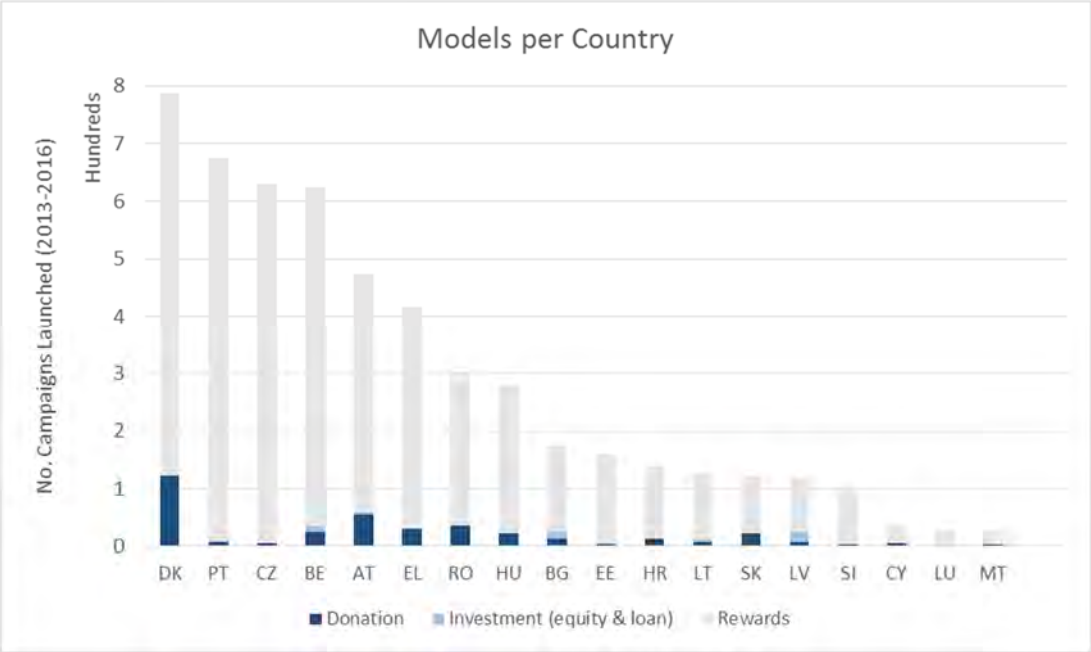


Source: own calculations, based on Crowdsurfer data

Reward-based crowdfunding is the most used model, present in all the countries in Europe. This shows a big potential for investment platforms in the sector.

Figure 27: Country differences in the use of crowdfunding models





Source: own calculations, based on Crowdsurfer data

When looking only at projects that have used equity and loan crowdfunding during the period of study, we can see activity in all countries apart from the Czech Republic, Greece, Romania, Hungary, Croatia, Slovakia, Slovenia, Cyprus, Luxemburg and Malta. The top five countries where most investment campaigns were launched by European creatives are the United Kingdom (1,846 campaigns), France (189), Germany (133), the Netherlands (53) and Poland (46).

4.3.4 *Sector differences in the use of crowdfunding platforms and models?*

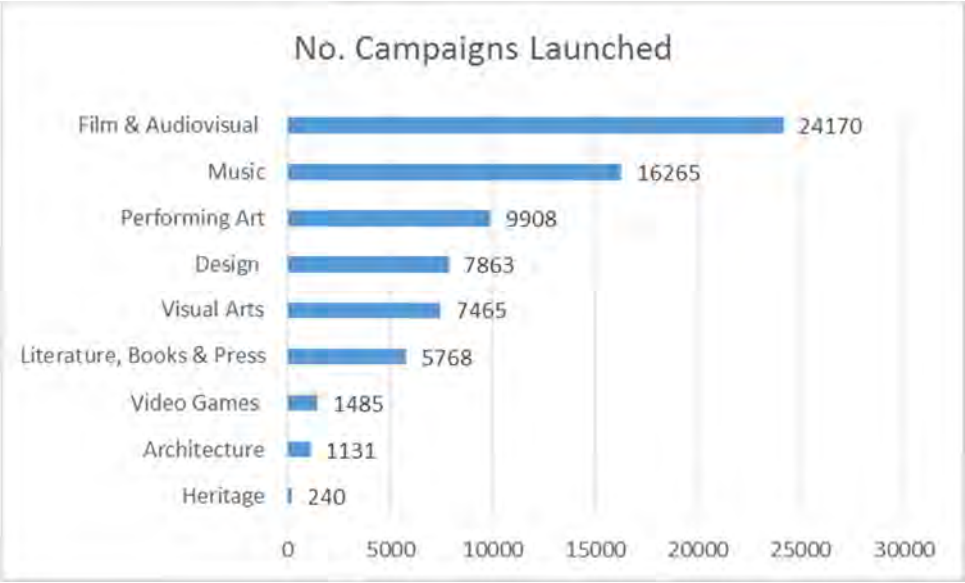
Here we present an analysis of data collected per creative sector in the period of study[113]. We start by an overall analysis of number of campaigns launched and amounts raised per sector. Then we look at top five platforms and models used, as well as country differences per sector.

As we have seen in section 4.1, all creative sectors have launched crowdfunding campaigns, albeit differences exist in the number of campaigns launched. According to Crowdsurfer data, most campaigns are launched in the Film & Audiovisual (33%), Music (22%), Performing Arts (13%) and Design (11%) sectors, accounting for around 40% of all campaigns launched in the period of study.

Through the 74,000+ campaigns, the CCS sectors accessed €247 million via online crowdfunding between January 2013 and October 2016. That is around €62 million a year on average.

In Figure 29 below we can see the amounts raised per creative sector. In line with the high number of campaigns launched, the Film & Audiovisual and Music sectors also have raised the most money via crowdfunding. Around €71 million (29% of total amounts) was raised in Film & Audiovisual, and around €43 million was raised in Music (17%). What is interesting to see is that although Design and Literature, Books and Press sectors come fourth and sixth respectively in the number of campaigns launched, they have successfully raised more than €30 million each since 2013.

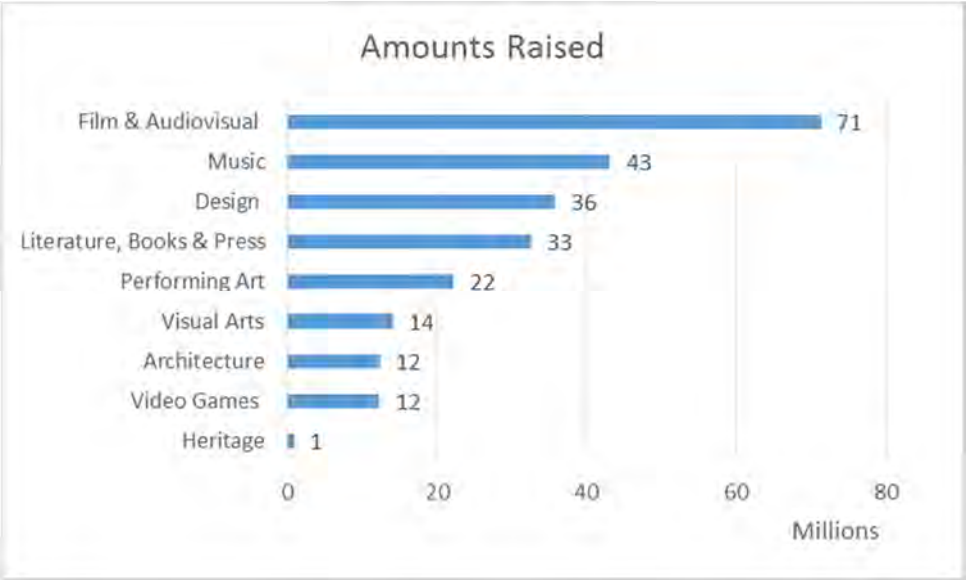
Figure 28: Number of campaigns launched per sector



Source: own calculations, based on Crowdsurfer data

[113] Some campaigns might appear more than once on the subsector analyses. For instance, a campaign launched by a musician to unveil his new album in a concert hall might appear both under the music filter as well as under the performance arts one. Around 2,000 campaigns fall under multiple sectors.

Figure 29: Amounts raised per CCS



Source: own calculations, based on Crowdsurfer data

When compared to the other cultural and creative sectors, cultural heritage comes in last when it comes to amounts raised. In fact, according to this data a total of €869,000 has been raised for heritage by the crowd. It must, however, be noticed that Crowdsurfer data that we have used for this analysis does not cover data from all platforms operating in this field, leaving a data bias. For instance, the Louvre Museum alone, which operates its own crowdfunding platform[114], has raised a total of €4 million since 2010[115] from more than 22,000 donors.[116] Moreover, D'Artagnan, a French crowdfunding platform which focuses only on French cultural heritage (and not filtered in the Crowdsurfer data due to restrictive API), has raised around €400,000 from 56 projects since 2013[117]. Taking into consideration these additional data sources, we estimate the amounts raised for heritage not to be below €3.5 million in the period of study (2013-October 2016).

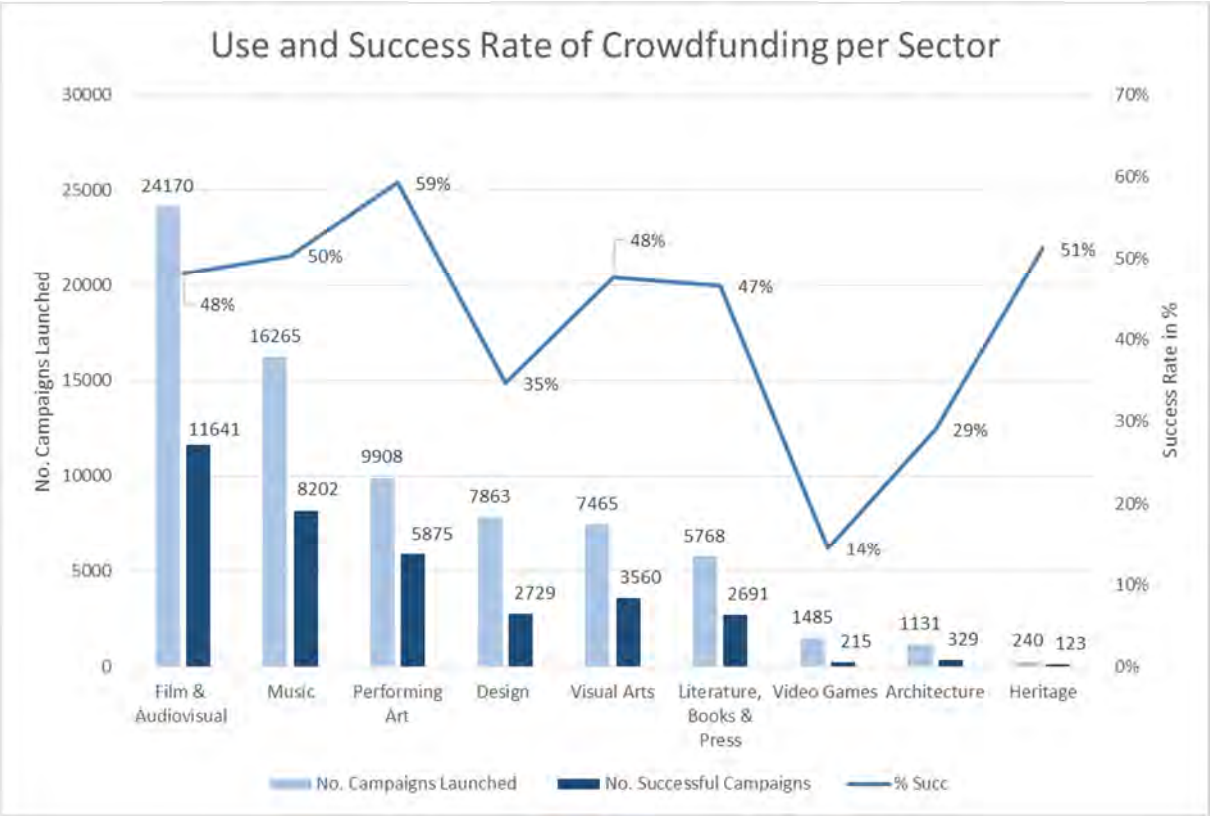
[114] https://www.tousmecenes.fr/en

[115] Louvre raised €1 million for the conservation treatment of the Winged Victory of Samothrace (2014); €1 million for purchasing Table de Teschen and €670,000 for the marble statue of Cupid Testing One of His Arrows (2015); and €500,000 for the restoration of an Egyptian mausoleum (2016);

[116] https://news.artnet.com/art-world/can-crowdfunding-save-french-museums-125831

[117] Based on own calculations from D'Artagnans' website in January 2016.

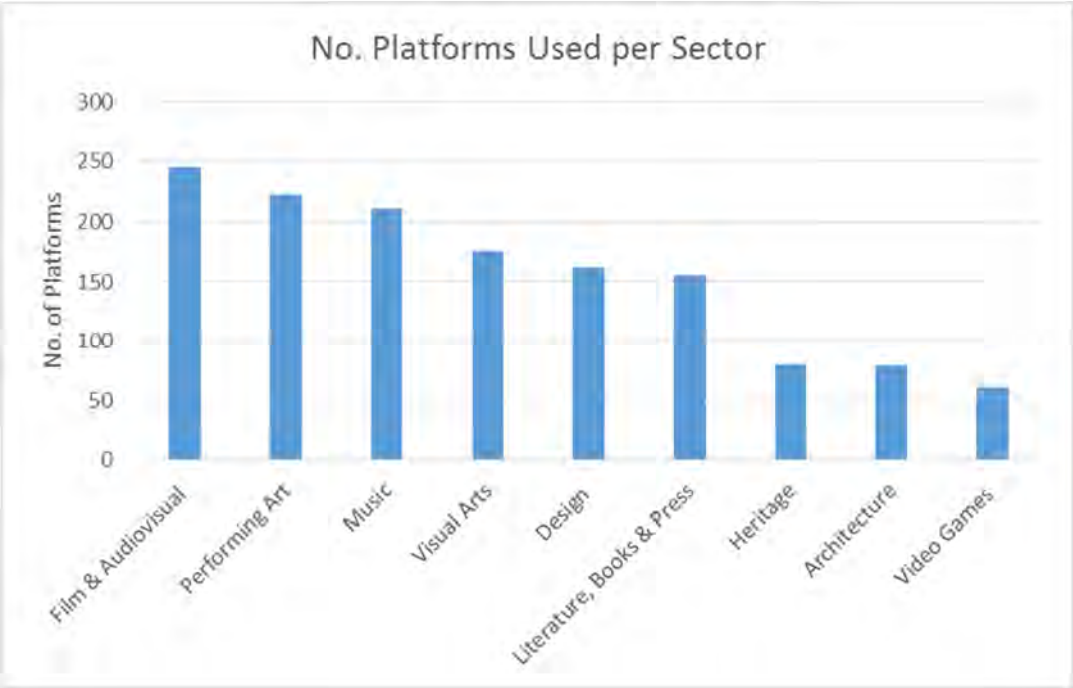
Figure 30: Success Rate of crowdfunding campaigns per Sector



Source: own calculations, based on Crowdsurfer data

In Figure 31 below we can see the number of crowdfunding platforms used per sector to launch creative projects. Film & Audiovisual is the sector that has used the highest number of platforms (245), followed by Performing Arts (223), Music (211) and so on. More research is needed to understand the reasons behind this choice.

Figure 31: No. of Platforms used per Sector



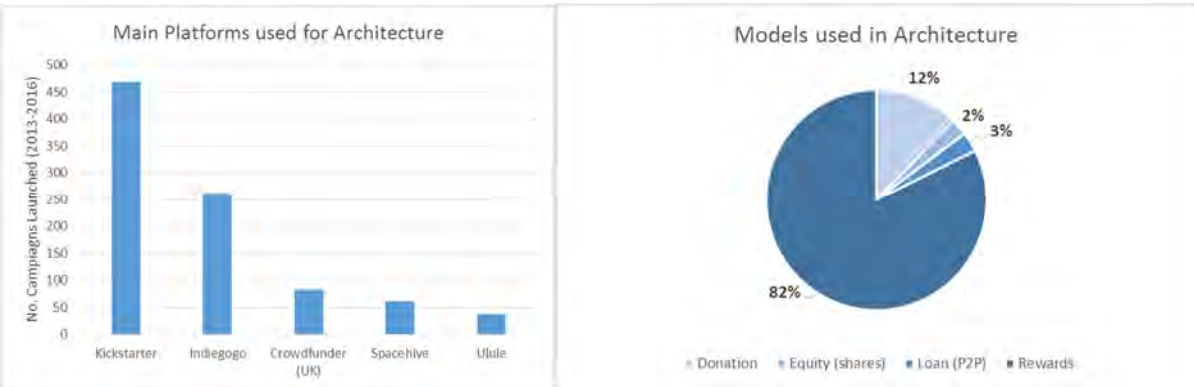
Source: own calculations, based on Crowdsurfer data

Architecture

According to Crowdsurfer data, campaigns launched in Architecture represent around 2% of all crowdfunding campaigns launched in the period of study. In total 1,131 architecture campaigns have been launched. In 94% of projects, the reward (82%) and donation (12%) models were chosen. Almost half of the projects were launched on Kickstarter (see Figure 32), one of the top 5 most used platforms for architecture. The third and fourth most used platforms are based in the UK. Activity can be seen in French platforms as well, with Ulule being the 5th most used platform for architecture.

In total, 79 different platforms were used to launch projects in architecture, however around 70 of them have hosted less than 10 projects in this field since 2013.

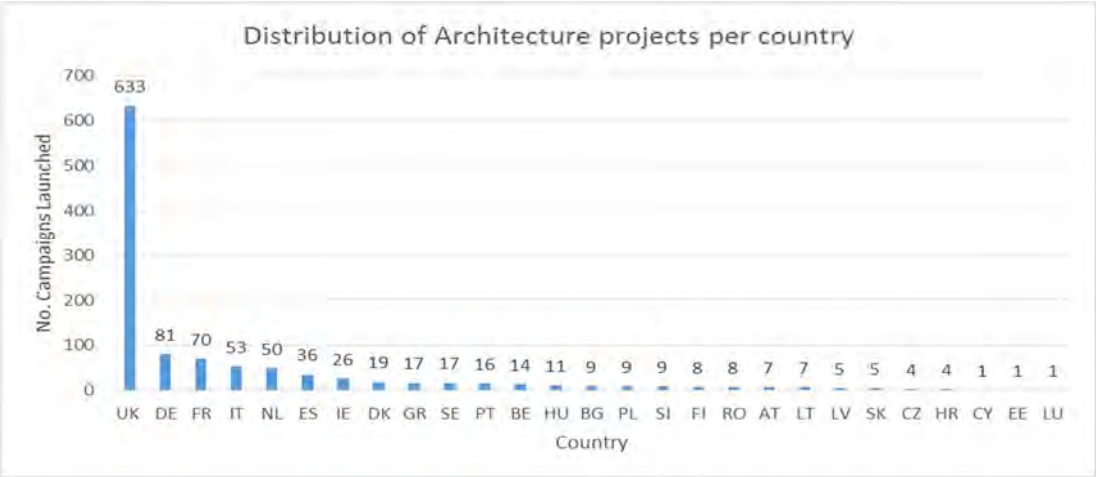
Figure 32: Top 5 most used platforms in Architecture projects and models used



Source: own calculations, based on Crowdsurfer data

Figure 33 below shows that most Architecture projects are launched from creatives in the UK, accounting for 56% of all projects launched in the period of study. An extreme difference can be noticed between the number of projects launched in the UK and the other EU countries. Future research could look into why such differences exist.

Figure 33: Country distribution of crowdfunding campaigns in architecture



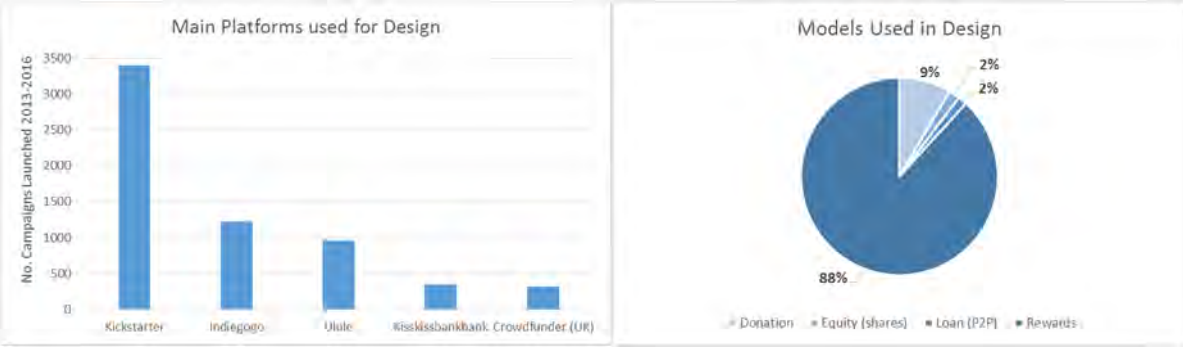
Source: own calculations, based on Crowdsurfer data

Design

From January 2013 to October 2016 around 7,504 design projects were launched by European creatives on crowdfunding platforms. This amount of campaigns represents around 11% of all campaigns analysed. When it comes to models used, 88% of the campaigns in this sector make use of the reward-based model; another 9% uses the donation-based model. Around 162 different platforms were used by creatives in this field. However, the majority of platforms (119) have hosted less than 10 campaigns since 2013.

The market is dominated by Kickstarter, followed by Indiegogo. Together they account for 59% of design projects launched.

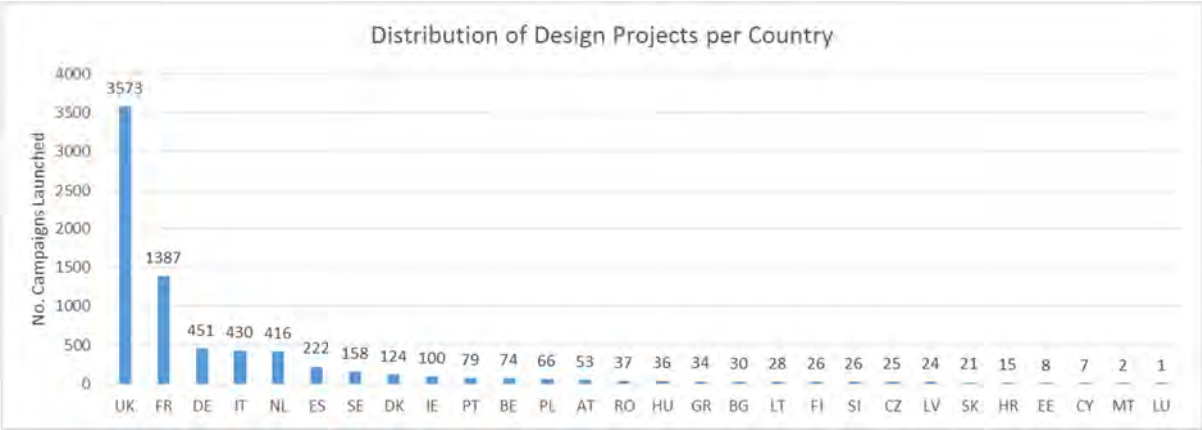
Figure 34: Top 5 most used platforms in design projects and models used



Source: own calculations, based on Crowdsurfer data

When looking at country distribution in *Figure 35* below we can see that the top countries using crowdfunding for design are led by the United Kingdom (3,573 campaigns) and France (1,387 campaigns).

Figure 35: Country distribution of design projects



Source: own calculations, based on Crowdsurfer data

Performing Arts

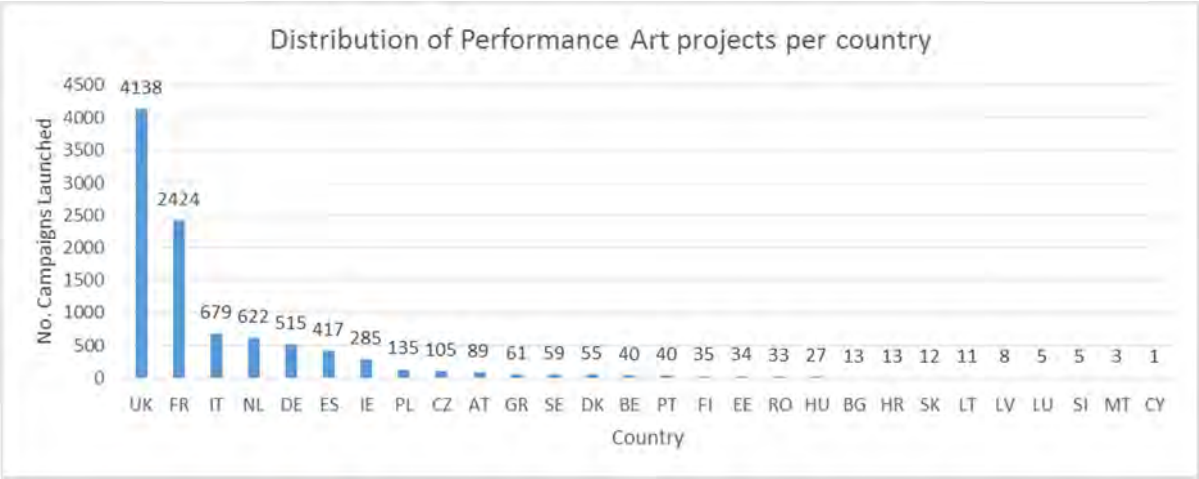
In the period of study 9,908 campaigns were launched in performing arts in Europe. This number accounts for 13% of all campaigns analysed. Again, we see that almost all campaigns use reward- (85%) and donation- (14%) based crowdfunding. Since 2013, 52 campaigns were launched in equity and 47 in loan-based platforms. A total of 223 different platforms were used by creatives in this sector, however 158 platforms (70%) hosted 10 or less projects since 2013. Again, the most popular platform appears to be Kickstarter. However, its dominance is less outspoken than in Architecture and Design, with Indiegogo and KissKissBankBank having high shares of the market as well.

Figure 36: Top 5 most used platforms in performing arts projects and models used

Source: own calculations, based on Crowdsurfer data

Most performing arts campaigns are launched in the UK, accounting for 42% of all campaigns launched in the period of study. France comes in second, followed by Italy, the Netherlands and Germany.

Figure 37: Country distribution of performing arts projects

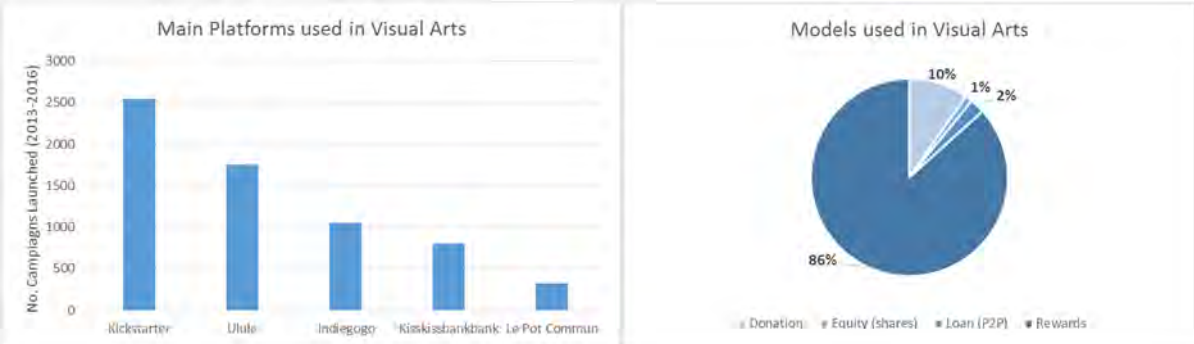


Source: own calculations, based on Crowdsurfer data

Visual Arts

In visual arts, 7,465 campaigns have been launched (10% of all campaigns analysed) in 176 different platforms since 2013. Little activity is noticeable in 136 (77%) of those platforms, which have hosted ten or less campaigns in the period of study. The graph on the left below shows that Kickstarter remains the preferred platform for visual arts in Europe (see Figure 38). However, the second most used platform is Ulule with 1,751 hosted projects. Although donation- and reward-based platforms remain the preferred models for projects in visual arts, we can notice the presence of loan (201 campaigns) and equity (99 campaigns) models.

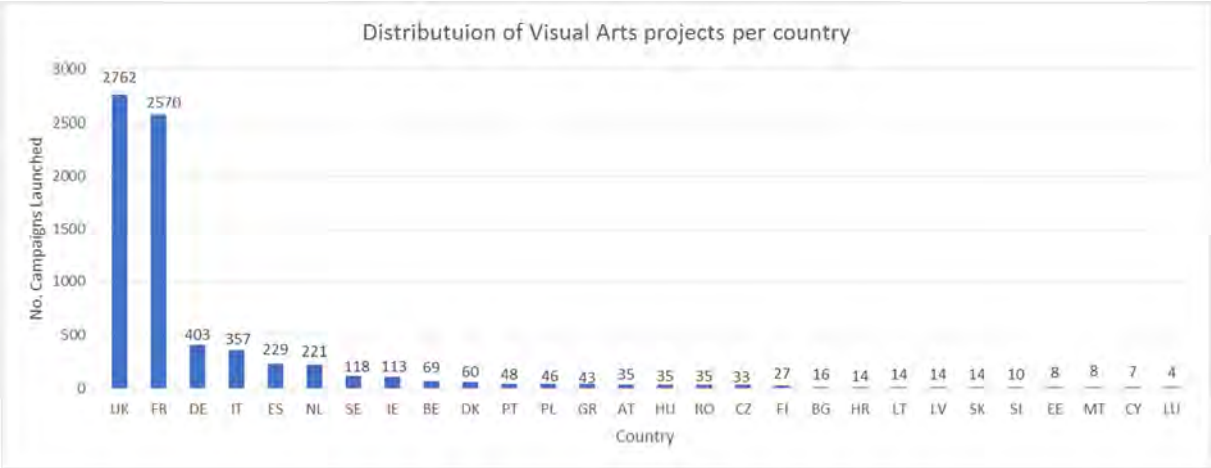
Figure 38: Top 5 most used platforms in Visual Arts projects and models used



Source: own calculations, based on Crowdsurfer data

Again we see that the UK dominates the market when it comes to the number of projects launched in this sector. If compared to the other EU countries, France has a high number of campaigns launched. This shows that crowdfunding for visual arts is quite popular in the UK and France.

Figure 39: Country distribution of visual arts projects

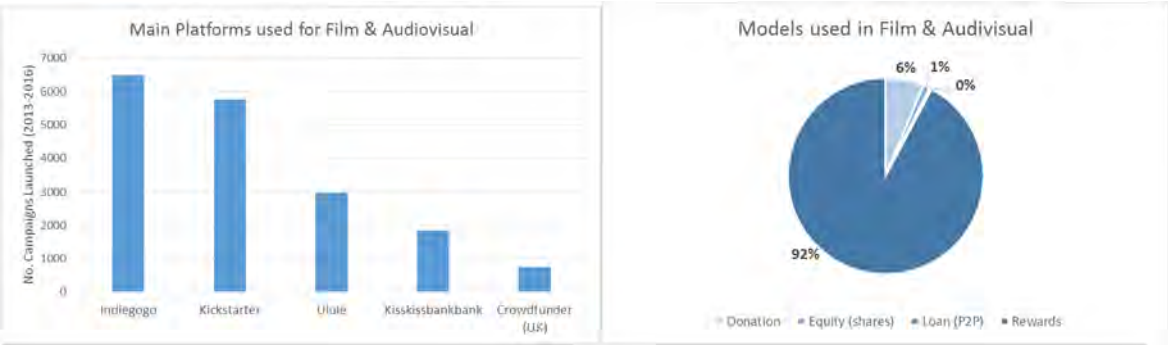


Source: own calculations, based on Crowdsurfer data

Film and Audiovisual

Film and Audiovisual projects have been hosted by 245 different platforms. A total of 24,169 campaigns have been launched since 2013, accounting for 32% of all campaigns analysed. In Figure 40 we see that Indiegogo has hosted the biggest number of projects (6,485) in the sector, followed by Kickstarter (5,750), Ulule (2,987), KissKissBankBank (1,852) and Crowdfunder (741). Out of all these five platforms, Indiegogo is the only one offering both the "take it all" and "all or nothing" models. Access to the "take it all" model could be the drive for creatives to use Indiegogo. When looking at models used, rewards crowdfunding is most used (92% of projects). Since 2013, only 298 projects have used equity crowdfunding and 102 have used loan.

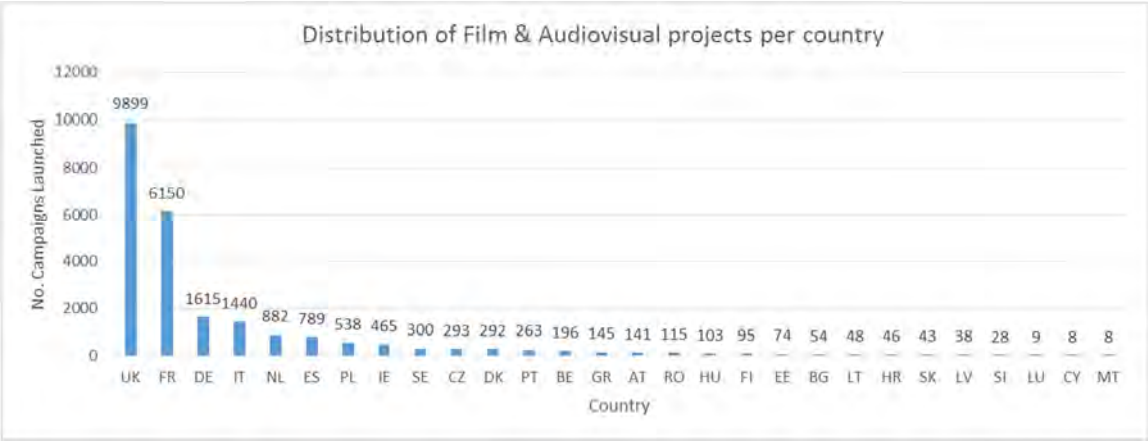
Figure 40: Top 5 most used platforms in Film & Audiovisual projects and models used



Source: own calculations, based on Crowdsurfer data

As we can see from Figure 41 below, the UK and France continue to be the top countries where Film & Audiovisual projects are launched.

Figure 41: Country distribution of Film & Audiovisual projects

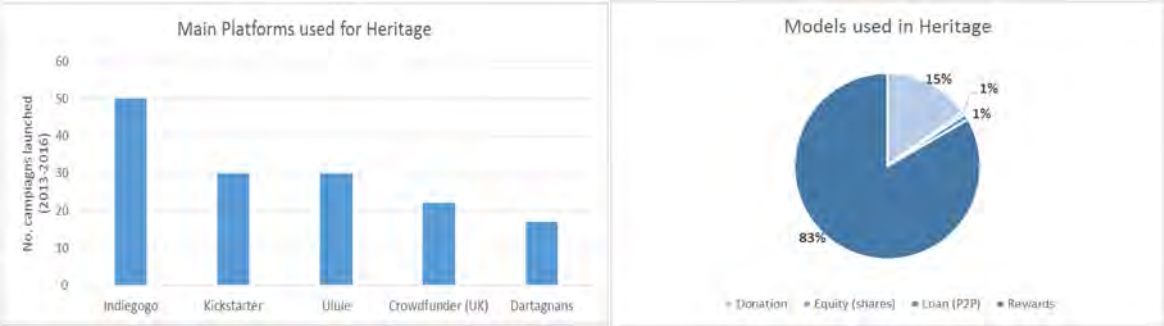


Source: own calculations, based on Crowdsurfer data

Cultural Heritage

The number of campaigns launched in the domain of cultural heritage since 2013 amount to 240 (1% of all campaigns analysed). These campaigns have been launched in 80 different platforms. US-based global platforms are again the most used. 83% of projects launched in this sectr used reward-based crowdfunding, while 15% used donation-based crowdfunding. According to Crowdsurfer data only 3 campaigns were launched in equity and 2 in loan in the period January 2013-October 2016.

Figure 42: Top 5 most used platforms in Heritage projects and models used



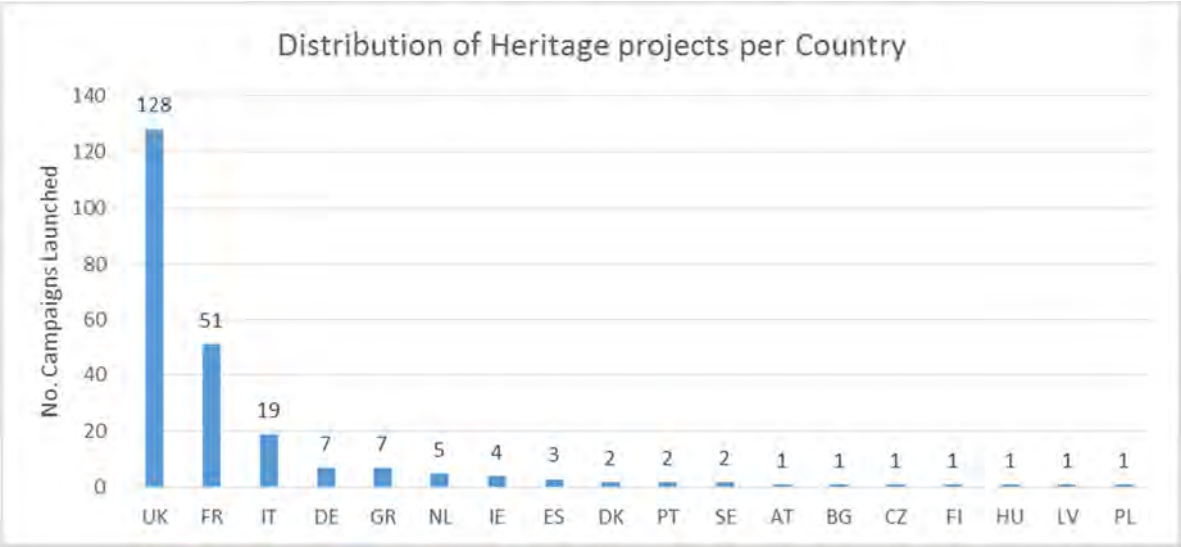
Source: own calculations, based on Crowdsurfer data

Most projects are launched in the UK (128) and France (51). It should be noted that some French platforms that focus on heritage are either partially or not at all represented in the Crowdsurfer data due to restrictive APIs[118], thus biasing the results. Although we expect the models reported here to be reflective of the sector, the same does not apply to number of campaigns launched, which we predict to be much higher than was presented by Crowdsurfer. While the graph below gives a general overview of the amount of campaigns launched in heritage by country[119], numbers are not fully representative of the sector.

[118] Application Programming Interfaces, i.e. software-to-software interfaces (rather than user interfaces), allowing applications to talk to each other without any user knowledge or intervention.

[119] We expect the number of campaigns launched in France to be higher then what is reported from the analysis of the Crowdsurfer data.

Figure 43: Country distribution of Heritage projects



Source: own calculations, based on Crowdsurfer data

Box 2: Platforms focused on cultural heritage

Dartagnans: dedicated to the spread and preservation of the heritage, art and culture in France

Dartagnans is a French-based crowdfunding platform exclusively dedicated to the spread and preservation of the heritage, art and culture in France. Since its launch in 2014, around € 400,000 have been raised by 56 campaigns. Apart from matching heritage sites with donors, Dartagnans is also a communication agency, offering campaigners communication support for their project launched on the platform.

Source: https://dartagnans.fr/

DigVentures: supporting collaborative archaeology projects and experiences

DigVentures is a social business that designs and delivers collaborative archaeology projects and experiences. They use crowdfunding, crowdsourcing and digital technology to increase opportunities for the public to participate in archaeological research. The platform had adopted a digital archaeological recording system that allows data to be instantly available online. It's also hooked up to social networks, so you can follow the team online in real time or come back later and catch up on all the action.

Source: https://digventures.com/

See also the 'Digventures' show case

Literature, Books & Press

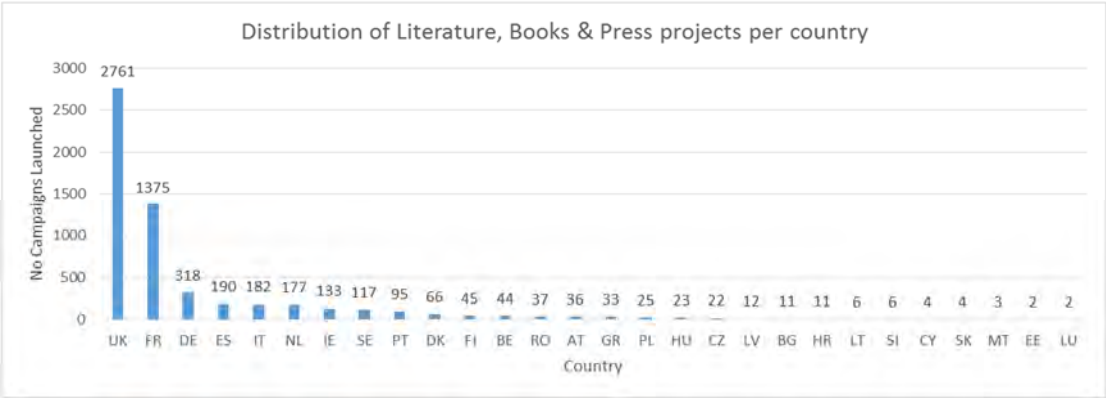
According to Crowdsurfer data 5,768 campaigns have been launched in this sector in the period of study, accounting for 8% of all campaigns analysed. Most creatives (94% of campaigns) use reward-based crowdfunding for their projects. Often, crowdfunding is used as a way to pre-sell books or support journalism in a specific subject of interest. In fact, when it comes to amounts raised this sector comes in fourth with €33 million raised between January 2013 and October 2016. Campaigns have been launched in 155 different platforms, but data shows that most project holders use Kickstarter (2,502 campaigns), Ulule (991), Indiegogo (783), Crowdfunder (228) and KissKissBankBank (133).

Figure 44: Top 5 most used platforms in Literature, Books & Press projects and models used

Source: own calculations, based on Crowdsurfer data

Again the UK is the country where most projects in this field are launched, double the amount of campaigns launched in France.

Figure 45: Country distribution of Literature, Books & Press projects

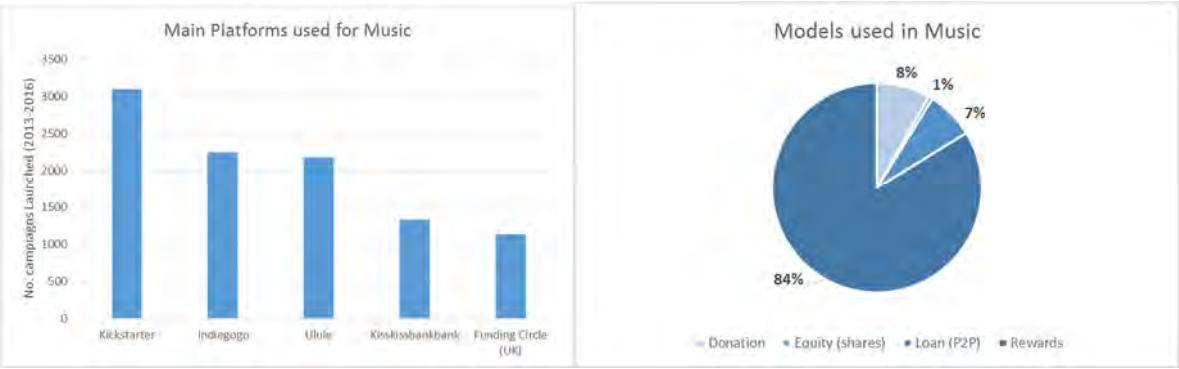


Source: own calculations, based on Crowdsurfer data

Music

The data shows that 16,136 campaigns have been launched in the music sector, accounting for 22% of all campaigns analysed. Campaigns have been launched over 211 different platforms. The top five platforms used in this sector can be seen in the graph below. Although reward crowdfunding remains the preferred model for the campaigns, around 7% of all projects launched have used a loan model. That is a total of 1,190 projects launched since 2013.

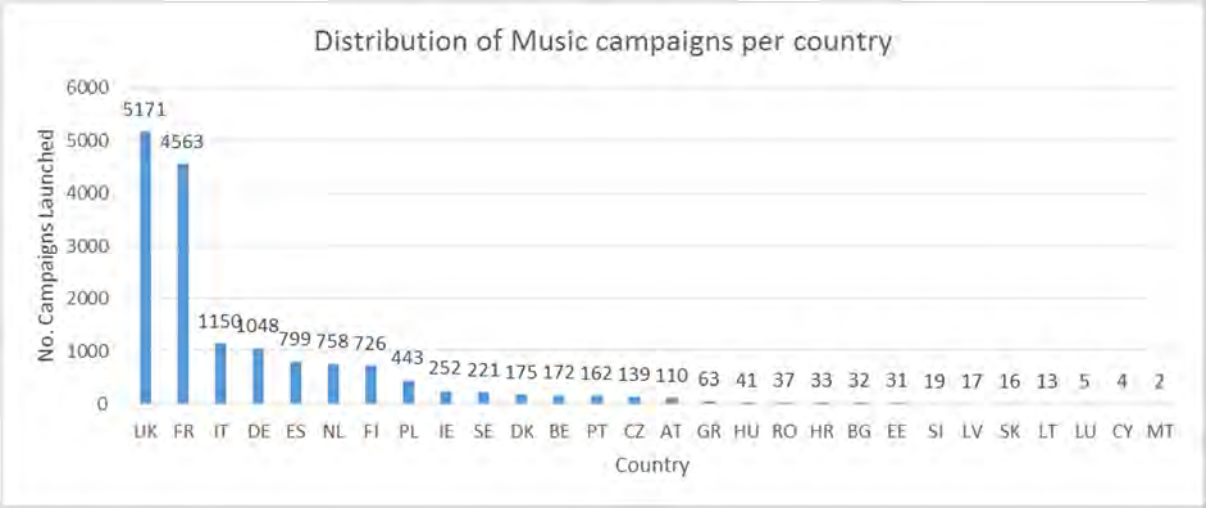
Figure 46: Top 5 most used platforms in music and models used



Source: own calculations, based on Crowdsurfer data

The UK and France dominate the sector with 5,171 and 4,563 projects launched respectively since 2013 (see *Figure 47*).

Figure 47: Country distribution of Music projects

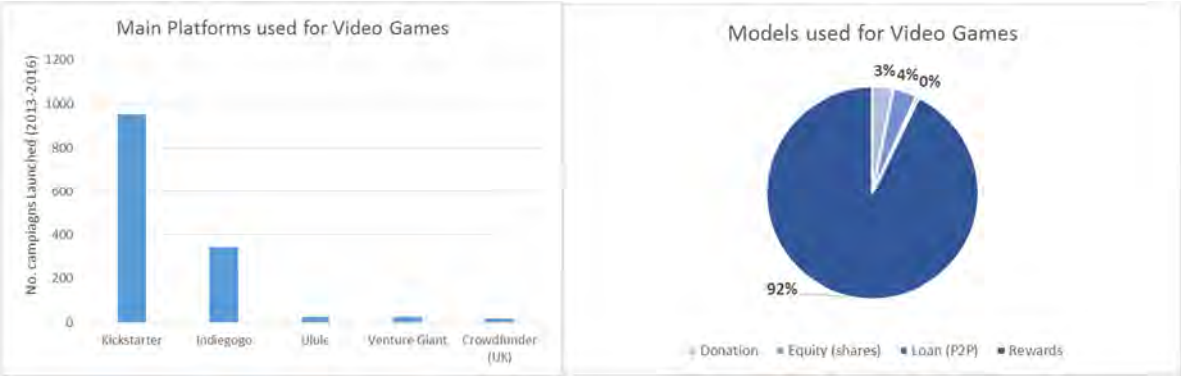


Source: own calculations, based on Crowdsurfer data

Video Games

In the period of study 1,486 projects have been launched in the video games sector. Although 61 different platforms have been used, 64% of all campaigns have been launched in Kickstarter (see Figure 48 below) and 23% in Indiegogo. By using a reward-based model (92%), project owners are able to pre-sell their video games to backers.

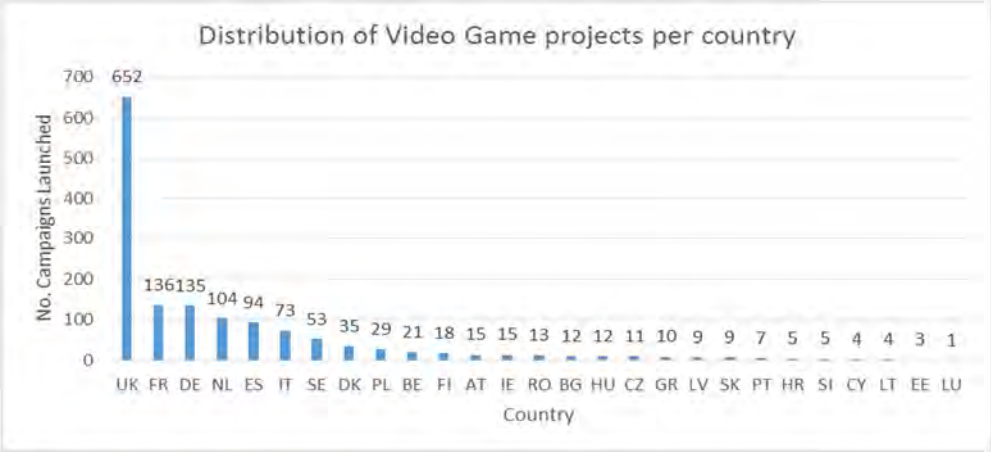
Figure 48: Top 5 most used platforms in Video Games and models used



Source: own calculations, based on Crowdsurfer data

Campaigns in the video games sector are mostly launched by UK creatives that use predominantly US-based platforms.

Figure 49: Country distribution of Video Game projects



Source: own calculations, based on Crowdsurfer data

Overall sector comparison

Despite sector differences, overall similar patterns can be observed across sectors in the use of crowdfunding:

- in all sectors, the reward model is predominant. In most sectors this model is used for more than 80% of campaigns. Only in Heritage is this percentage lower, with 63% of analysed campaigns using reward crowdfunding and 36% using donations. One of the reasons for this difference in Heritage (as well as for the lower uptake of crowdfunding in the sector) might be the relatively larger number of publicly-owned entities in the Heritage value chain. Due to the specific status of publicly-owned entities, the entrepreneurial behavior, as well as the financing structure and incentives to attract alternative funding, is expected to be rather different when compared to privately-owned entities. However, further research is needed to see how exactly the ownership structure of CCS organisations has an impact on the uptake of crowdfunding and the models used;
- across sectors, the highest numbers of campaigns are launched in the UK and France, the two biggest markets of crowdfunding in Europe for CSS; and
- creatives also have a high preference for US-based platforms, with US-based global platform Kickstarter hosting the highest number of campaigns in almost all sectors, apart from Film & Audiovisual (hosted mainly by Indiegogo) and Heritage. Indiegogo is the second most used platform per sector apart from Visual Arts and Literature, Books & Press, where Ulule is mostly used.

4.3.5 *Average goal amounts of successful campaigns*

To analyse the average amounts raised in the successful CCS campaigns, it is important to make a distinction between the different crowdfunding models.

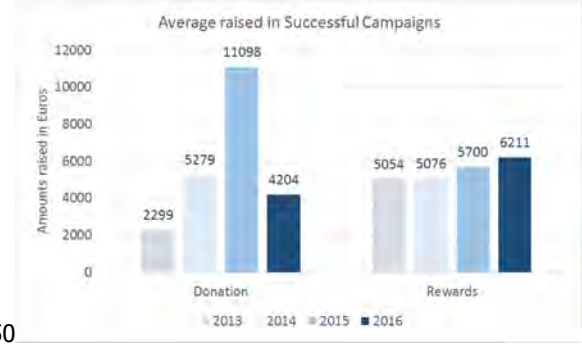


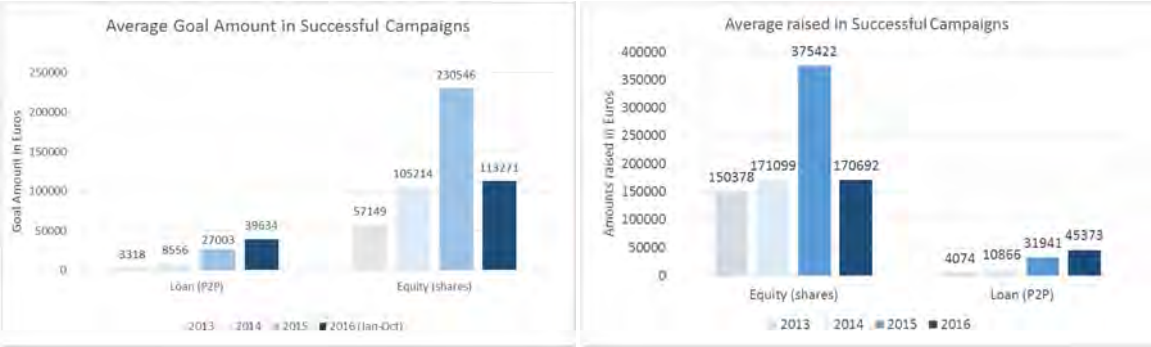
Figure 50

below shows the average goal amount pledged and the average raised by CCS campaigns who successfully reached their goal in donations and rewards crowdfunding. Figure 51 shows the loan and equity models.

Figure 50: Average goal vs Average raised in donation and reward (successful campaigns)

Source: own calculations, based on Crowdsurfer data

Figure 51: Average Goal vs Average raised per loan and equity crowdfunding model (successful campaigns)



Source: own calculations, based on Crowdsurfer data

In line with what we find in the literature, in the CCS the average amounts raised through donation-based or reward-based crowdfunding are also far less than the average amounts raised through the equity or loan models. In 2016 the average amount raised in donation-based campaigns is €4,204 and €6,211 (see Figure 50 right) in reward-based campaigns, the average amounts raised in successful loan and equity campaigns equal €45,373 and €170,692 respectively.

Moreover, creatives launching campaigns under the loan and equity models have much higher goals than the other models. This usually reflects business needs of the organisations, or launching of new products that require investment. In the loan model we see a steady increase in the goal amount of successful campaigns (see Figure 51 left).

In the equity model, the increase in goal amount since 2013 is also present, with a surprising peek in 2015 of €230,546 - double the average goal amount seen by projects launched in 2016 (see Figure 51 right).

When looking at the donation model we can see a steady increase in the goal between 2013 and 2015. However, in 2016 the average goal has witnessed a decline.

Under the reward model, successful campaigns have had a similar goal amount from 2013 to 2015 (€4,000). The average goal amount has, however, increased in 2016, rising to €6,082. The average amount raised is much higher than the average goal. It is common for successful campaigns to be overfunded. Platforms or crowdfunding experts often advise campaigns to "stretch their goal, with the first goal being the minimum that needs to be raised, and then adding stretched goals, each representing an added value to the final product, such as additional material in

a documentary or added features and levels to a video game"[120]. A study conducted in 2015 found that 91% of successful reward projects overfund[121], whereas only 54% of successful donation projects are overfunded.[122]

It must be noted that a portion of the campaigns under the donation and rewards model use 'take it all'[123] type of crowdfunding, offered for example by Indiegogo and other platforms. Under these types of platforms campaigns are considered successful if they just receive €1 despite having a higher goal amount.

Sector differences

In Figure 52 and Figure 53 below we compare the different Cultural and Creative Sectors on average amounts raised in successful campaigns per crowdfunding model.

According to analysed data, campaigns in video games and heritage sectors have raised successfully in all models apart from loans, whereas all other sectors have made use of all models, albeit with differences. For instance, we see that in the reward model, campaigns in video games raise on average the highest amount (€43,897), followed by design (€11,000). Indeed, as also seen in literature, the rewards model is often used by creatives to pre-sell products. This is especially the case with games and design.

Campaigns using donation models on average raise lower amounts if compared to other models. We can see that the highest average amount is raised by campaigns in architecture (€14,000) and heritage (€11,600).

When looking at the equity models, average amounts raised by campaigns in literature, books & press came on top. Often, crowdfunding has been used in recent years to launch alternative media outlets.

Figure 52: Average raised per model by CCS (Rewards & Donations)

Source: own calculations, based on Crowdsurfer data

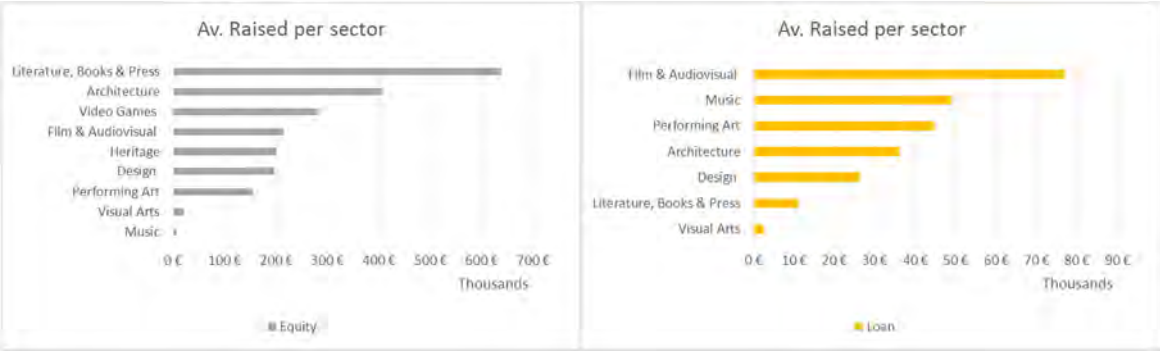
[120] http://www.nesta.org.uk/news/crowdfunding-tips/stretch-targets

[121] https://www.crowdsurfer.com/blog/by-how-much-do-crowdfunded-campaigns-overfund/

[122] https://www.crowdsurfer.com/blog/by-how-much-do-crowdfunded-campaigns-overfund/

[123] Crowdsurfer data does not distinguish platforms or projects between 'take it all' or 'all or nothing', therefore a comparison between these types cannot be performed.

Figure 53: Average raised per model by CCS (Equity & Loan)



Source: own calculations, based on Crowdsurfer data

The above graphs show that crowdfunding can aid various needs of creatives, be that when they need to pre-sell products, or attract investors.

Against this background it is important to keep in mind the number of successful campaigns upon which the average raised amounts have been based (see Table 4).

Table 4: Number of successful campaigns per model[124]

Sectors	Succ. Camp. /Camp. Launched Donation	Succ Camp. /Camp. Launched Rewards	Succ Camp. /Camp. Launched Equity	Succ Camp. /Camp. Launched Loan	Total No. of Succ Camp.	Total No. Campaigns*
Architecture	**48/133**	**270/930**	**6/28**	**4/33**	**328**	**1,131**
Heritage	**15/51**	**78/192**	**1/3**	**0/2**	**123**	**240**
Design	**256/671**	**2,380/ 6,543**	**41/128**	**40/104**	**2,717**	**7,455**
Visual Arts	**263/785**	**3,099/ 6,378**	**53/99**	**119/180**	**3,534**	**7,465**
Performing Art	**568/1,284**	**5,259/ 8,428**	**12/51**	**23/42**	**5862**	**9,908**
Film & Audiovisual	**570/1,494**	**11,652/ 22,223**	**45/282**	**32/88**	**12,299**	**24,169**
Literature, Books & Press	**98/233**	**2,559/ 5,436**	**23/57**	**16/28**	**2,696**	**5,768**
Music	**625/1,325**	**7,506/ 13,494**	**27/109**	**24/1,182**	**8,200**	**16,136**
Video Games	**14/47**	**186/1372**	**15/53**	**0/7**	**215**	**1,486**

*Number contains campaigns launched in "other" models

[124] The only models analysed are rewards, donations, loan and equity. Other types of models have been excluded from this analysis.

4.4 CCS crowdfunding: dream versus reality

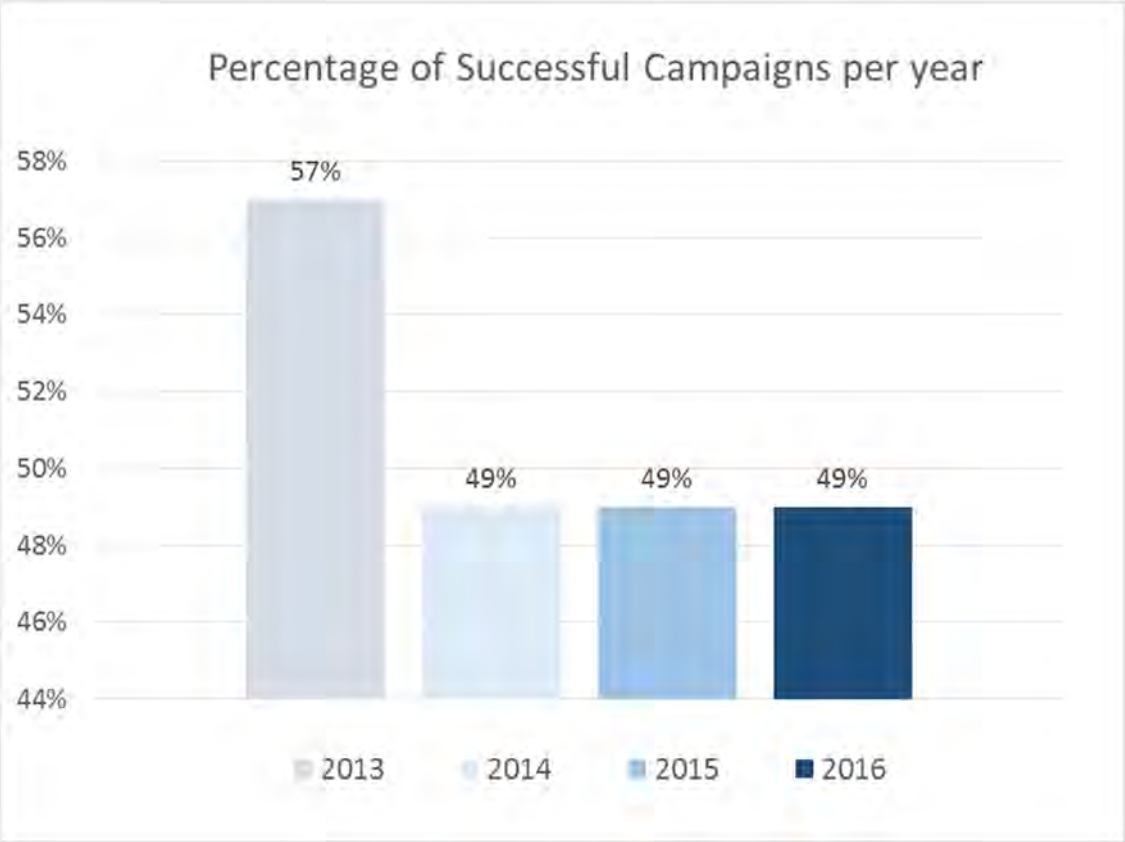
4.4.1 Success rates

Between 2013 and October 2016 the Cultural and Creative Sector in Europe has raised more than €247 million through crowdfunding.

Although the number of campaigns since 2013 has increased significantly, this cannot be said about the success rates. In fact, when looking at the percentages of successful campaigns per year, we see a decrease in numbers of campaigns reaching their targeted goal. The success rate has declined since 2013, but has remained stable on 49% bentween 2014 and 2016 (see Figure 54).

Although more and more creatives are becoming aware of this funding tool, understanding how to lead a successful campaign can be challenging and time consuming. Interviews with creatives and crowdfunding actors showed that often creatives or cultural organisations are not aware of the preparation time they need to put in in order for the campaign to be successful.

Figure 54: Success rate of CCS crowdfunding campaigns, 2013-2016

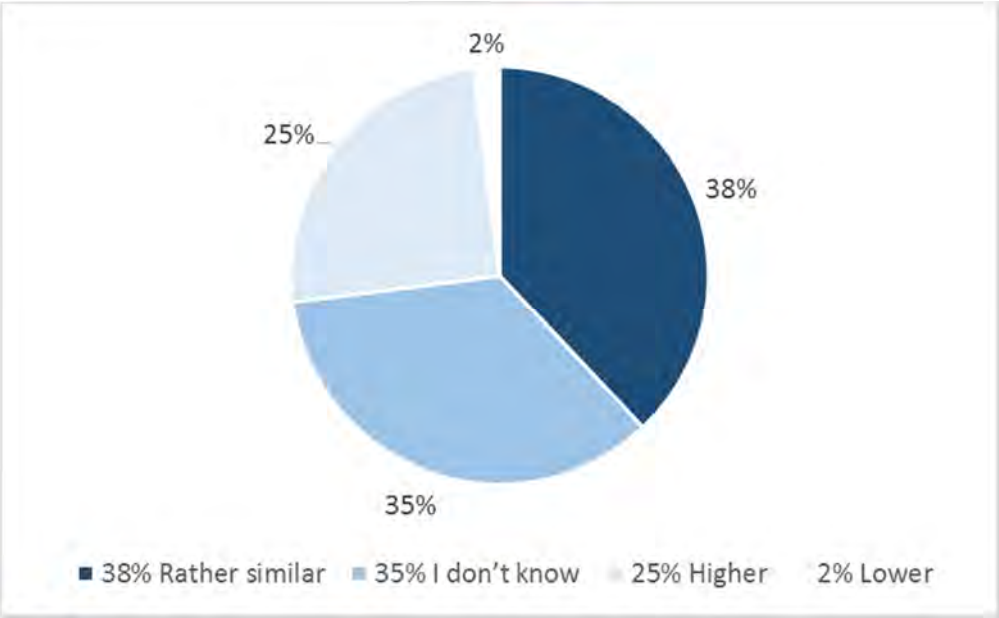


Source: own calculations, based on Crowdsurfer data

This view was also shared from the respondents of the CCS survey, according to whom the main reasons for an unsuccessful campaign are the fact that they did not sufficiently engage their own network of contacts, and that they did not dedicate enough time and resources to the campaign.

In the platform survey, 63% of respondents say that CCS projects hosted on their platform have a higher, or similar, success rate to be fully funded than non-CCS projects. Even so, 25% consider this success rate to be strictly higher in the case of CCS projects.

Figure 55: Comparison of success rates for CCS projects with non-CCS projects (a) (Platforms' survey)



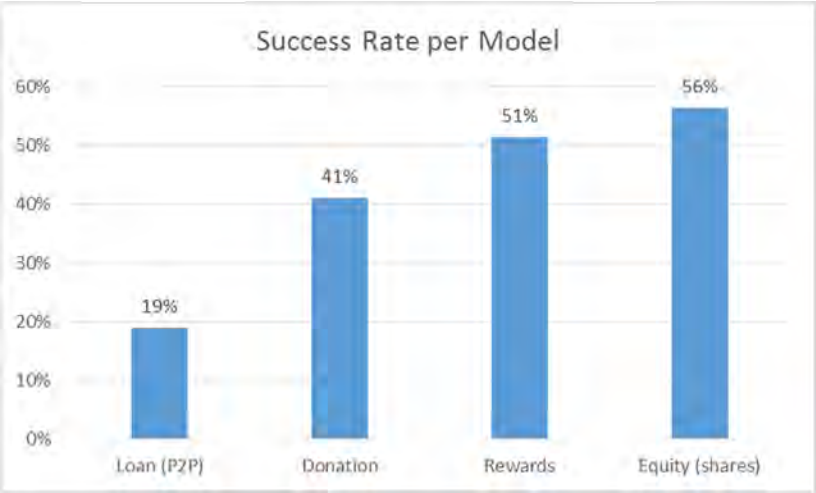
Source: IDEA Consult based on survey results

(a) *Question in the survey: "Do Cultural and Creative projects have a lower or higher success rate (to be fully funded) than non-CCS projects on your platform?" (n = 40)*

Differences of success rate per model

What is interesting to see is that despite the small number of equity campaigns, equity crowdfunding has the highest success rate (56% of all equity crowdfunding campaigns were successful). More than half of the rewards campaigns launched were successful in reaching their goal. When it comes to loan crowdfunding, creatives are far less effective in reaching investors; only 1 in 5 of the campaigns reached its target. Due to the important organisational implications of raising equity finance, equity crowdfunding campaigns are generally more strictly screened and supported by the crowdfunding platform compared to other crowdfunding models. These platforms often rely on a specialised investor network. We refer to the case studies of equity crowdfunding platforms MyMicroInvest and Seedrs for a more detailed description of their networks of partner investors.

Figure 56: Success rate per model, average 2013-October 2016



Source: own calculations, based on Crowdsurfer data

4.4.2 Funds needed versus raised

Although a total of €247 million has been funded via the crowd in Europe between January 2013 and October 2016, the funding appetite appears to be way bigger. Crowdsurfer data show a sum of €3.4 billion being pledged by creatives between 2013 and 2016[125]. Only 7% of this amount pledged has been raised (€247 million) leaving a gap of more than €3 billion of funding needs.

Table 5: CCS crowdfunding – amounts pledged versus raised

TOTAL PLEDGED 2013-2016 €3.4 billion			
2013	**2014**	**2015**	**2016**
€204 million	€346 million	€1.3 billion	€1.5 billion
€31 million	€48.6 million	€84.2 million	€83 million
TOTAL RAISED 2013-2016 €247 Million			

Source: own calculations, based on Crowdsurfer data

Crowdfunding campaigns can be reflective of organisational needs, as well as be dreamy and unrealistic. Goals can be as low as €5 or as high as €142 million for making a film[126].

Sector differences

When looking at total amount raised versus total amount pledged by each CCS subsector, we find that crowdfunding has satisfied less than 5% of the funding appetite in Architecture, Film & Audiovisual and Heritage. For instance, campaigners pledged a total of €14 million for Heritage alone between 2013 and 2016. However, out of this amount

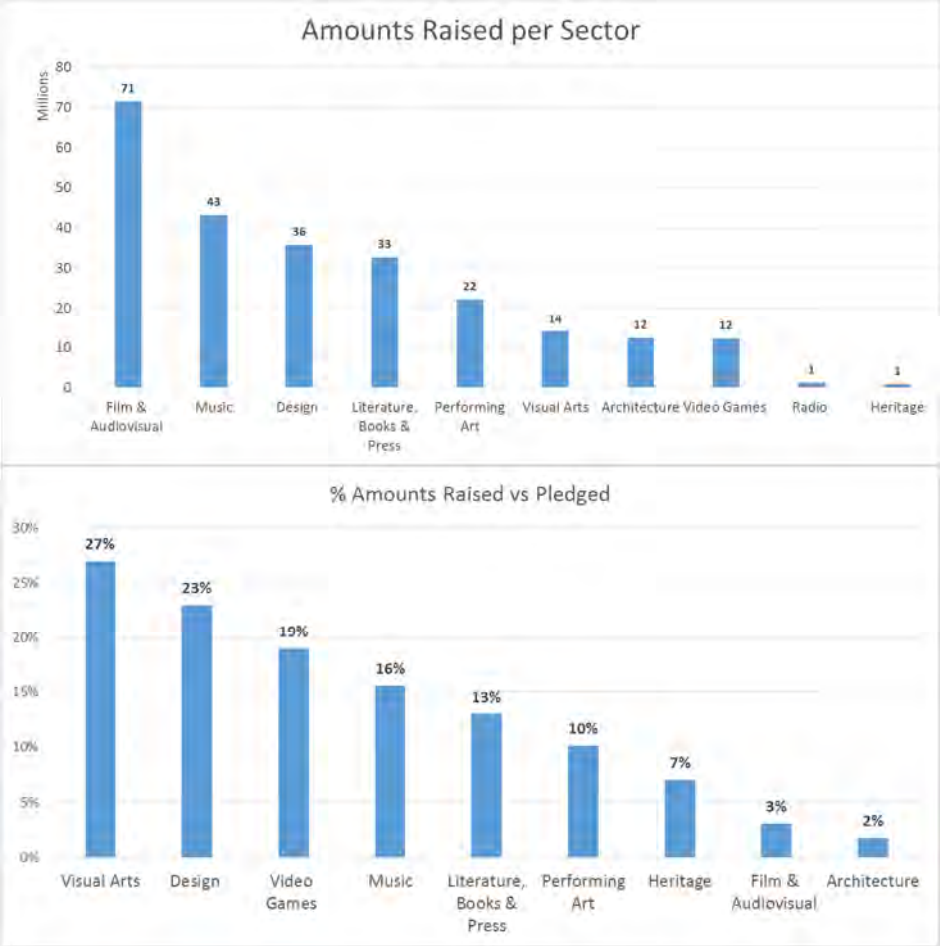
[125] Includes all campaigns, successful and unsuccessful

[126] Figure based on an actual campaign launched in 2015 at Kickstarter.

only €1 million was funded by the crowd, accounting for only 7% of the total pledged. On the other hand, Design and Visual arts projects raised more than 20% of the total amount pledged.

This graph confirms that the CCS sector is experiencing a big funding gap.

Figure 57: Amounts raised versus pledged per subsector

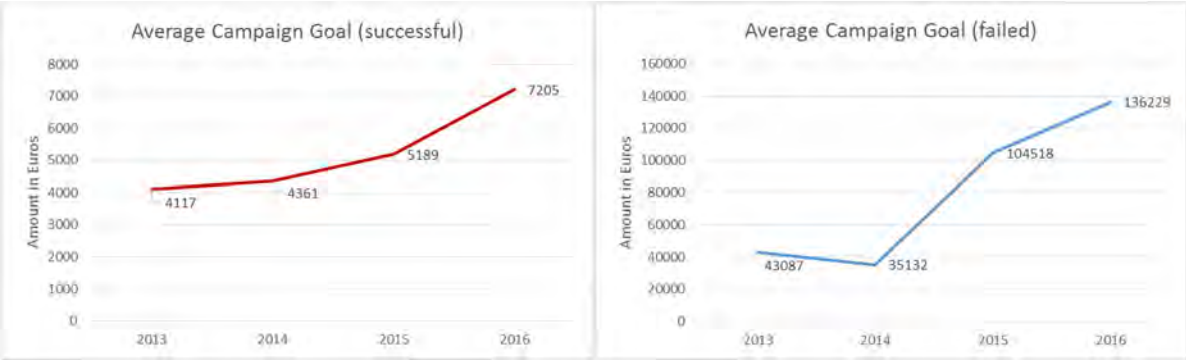


Source: own calculations, based on Crowdsurfer data

Average goal amounts: successful vs failed campaigns

When analysing the average amounts that project holders target versus the amounts that they raised in the end, it is important to make a **distinction between the projects that managed to successfully raise the money and those that were unsuccessful**. It appears from the analysis that there is a significant difference in the goals set for successful campaigns compared to those set in unsuccessful campaigns. In 2016, the average goal for successful campaigns was set at €7,205; for unsuccessful campaigns on the other hand, the average goal was set at €136,229. Unsuccessful campaigns clearly overestimate the power of crowdfunding to raise money (unless it is not done with the primary goal of actually raising the money, but rather with the aim to gain publicity). The failed attempts to raise large amounts of money through crowdfunding has tripled since 2014, with an average targeted campaign goal of €136,229 in 2016 compared to €43,087 in 2013. The average goal amounts of successful campaigns have also increased over time, from €4,117 in 2013 to €7,205 in 2016.

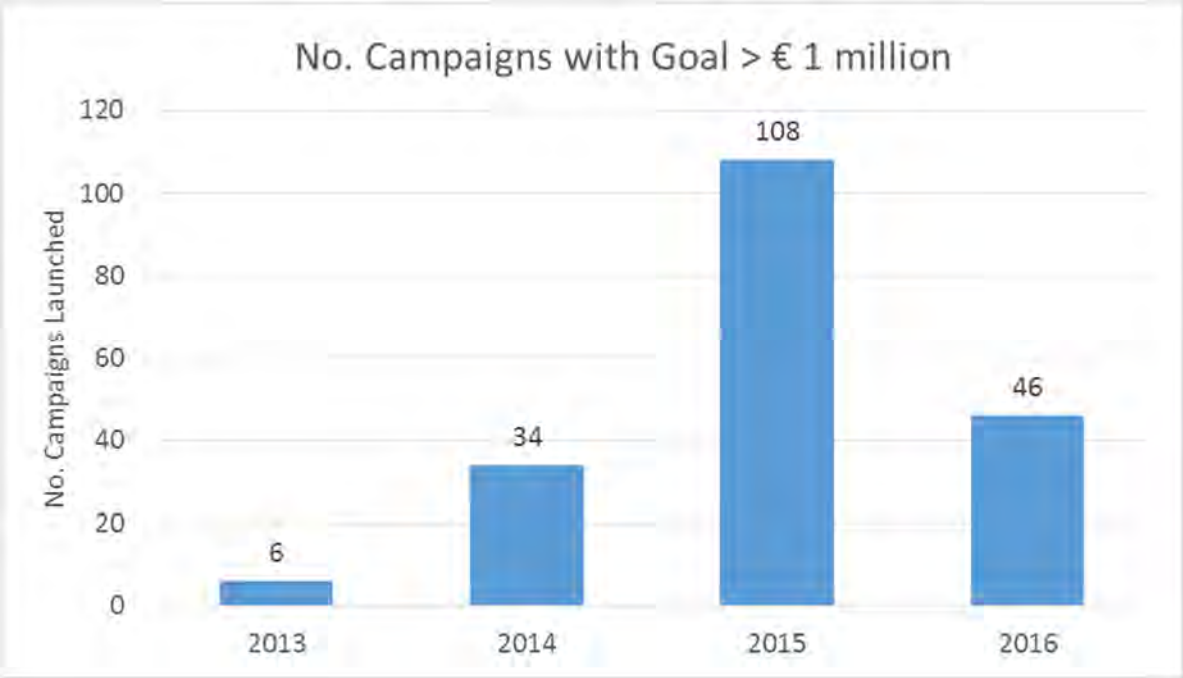
Figure 58: Average goal amounts for successful versus failed CCS crowdfunding campaigns



Source: own calculations, based on Crowdsurfer data

In the period of study we have identified a total of 194 campaigns whose goal is higher than €1 million (see Figure 59). Out of which 40 have been launched on Indiegogo and 63 on Kickstarter. The top three countries launching campaigns with such goals are the UK (128 campaigns), Italy (15) and France (10). Ten campaigns (5%) managed to reach their goal successfully.

Figure 59: No. of Campaigns with goal >€1 million



Source: own calculations, based on Crowdsurfer data

4.4.3 Other benefits of crowdfunding

The previous section of successful vs. failed crowdfunding campaigns had a primary focus on the success in achieving the set financial target for a crowdfunding campaign. An apparently "failed" crowdfunding campaign can still be successful in other ways though, in terms of testing a new potential market, to gain attention, a new audience or new skills. Based on the results of the **CCS survey and the different interviews** done during the project, we find that respondents also experience other benefits from using crowdfunding, such as (see also Table 6):

- acquiring new skills within the organisation;

- reaching out to a wider audience; and
- increasing community involvement.

These last 2 benefits also match with the reasons why CCS actors choose crowdfunding (cfr supra).

On the other hand, 19.4% of the respondents indicate that the use of crowdfunding did not lead to any other effect.

Table 6: Other benefits of crowdfunding (a) (b) (CCS Survey)

Other benefits of crowdfunding	% of respondents who have (un)successfully crowdfunded or whose campaign is still running
Reach out to a wider audience	46%
Acquire new skills within the organisation (e.g. marketing, communication, strategy, etc.)	42%
Increased community involvement	38%
Attract extra media attention for the organisation	23%
Attract new sponsors and/or other types of financiers for the activities	12%

Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) This table is based on the answers of the following three questions:
i. For those having run a successful crowdfunding campaign: "Next to the successful fund raising, did your organization consider the campaign useful otherwise? Multiple answers possible." (n=61)
ii. For those whose campaign is still running: "Although in progress, has the campaign already led to any of the following effects? Multiple answers possible." (n=15)
iii. For those whose campaign was unsuccessful: "Despite the unsuccessful fund raising, did your organization consider the crowdfunding campaign useful otherwise? Multiple answers possible." (n=32)

The examples in Box 3 to Box 5 are illustrative of how crowdfunding can be used to bring other benefits to project holders and larger communities beyond finance.

Box 3: Community engagement

Luchtsingel (2011), Rotterdam

Luchtsingel is the world's first crowdfunded public infrastructure. Over 8,000 people and organisations supported the creation of this bridge, that has given pedestrians in Rotterdam a safe passage over a tangle of highways and connect and revitalise two parts of the city that have been separated by cars for years.

The architecture firm based its crowdfunding campaign on a reward model, where citizens and organisations would get their name carved on the wood planks in return for their donations. The success of the campaign demonstrated the enthusiasm of the citizens for this project and was instrumental for the €4 million funding that Zus architecture firm received by the city council of Rotterdam in order to complete the project. Apart from community engagement, Luchtsingel serves as an interesting example of using crowdfunding as a method to attract more public funds.

Source: http://www.luchtsingel.org/en/about-luchtsingel/4-stages-of-the-bridge/

Box 4: Developing a community of supporters

The Royal Academy of Arts (2015), London

The Royal Academy of Arts used crowdfunding to bring Ai Weiwei's tree sculptures to show in London.

1,319 backers, from 10 different countries, raised a total of £123,577 (€144,265) for the transportation and installation of 8 ancient trees from China. Planned on short notice, the exhibition could not make use of traditional fundraising strategies, and turned to crowdfunding instead. By backing the campaign the public could show their support to having one of the works of Ai Weiwei in London. The community of supporters automatically becomes the new visitors.

Source: https://news.artnet.com/exhibitions/royal-academy-crowdfunding-ai-weiwei-london-317194

Box 5: Crowdfunding for market research

YouScribe (2012), Paris

YouScribe was launched in 2011 with the aim of becoming the Netflix for books and online publications. Interested to attract investors, beyond traditional financing like venture capital and business angels, YouScribe launched an equity crowdfunding campaign in 2012. A total of €94,200 was raised by 126 investors. Crowdfunding allowed the company to test the interest of investors in their product and reach the funding needed for further growth.

Source: https://www.mymicroinvest.com/fr/financings/48-youscribe

Box 6: Crowdfunding as proof of concept for further funding

First Kiss (2017), Brussels

Crowdfunding platform KissKissBankBank has partnered with the Walloon (Belgium) CCS investment fund St'art to launch the "First Kiss for Creative Entrepreneurs". If creatives successfully raise €10,000 through KKBB they automatically become eligible to receive a €20,000 loan from St'Art. In this case, the campaign's success acts as a proof of concept for accessing more traditional financing.

Source: https://www.kisskissbankbank.com/fr/users/st-art

4.4.4 Costs versus benefits

For a little less than half of the respondents to the CCS survey (41%), who have successfully crowdfunded, the benefits of crowdfunding outweigh the costs[127]. For 32% of these respondents the benefits are in equilibrium with the costs and for 21% of these respondents the costs outweigh the benefits.

Typically, the "monetary" costs (besides costs in terms of time investment, human resources, etc.) that project holders have to take into account when deciding to launch a crowdfunding campaign on a platform, are the following[128]:

- **Platform hosting fee**: some platforms, although not all, charge an initial cost just for hosting the crowdfunding campaign. This cost varies between €0-300 and will be charged to all projects, be that successfully fundraised or not;
- **Success fee:** if a project is successfully funded, platforms will take a percentage of the total amount raised. The percentage varies from platform to platform and ranges between 3% and 12% of total raised. The success fee will also vary depending on the fundraising model chosen. For instance, a higher fee is usually charged on the "Take it all" model. There are also platforms that charge no success fee, however these are rarer;
- **Payment processing fees:** Crowdfunding platforms work closely with payment providers in order to facilitate money transfer from the backers to the crowdfunding campaign. However, the payment providers apply their own service fee for every transaction made. On average, this fee is 3%. For instance, for every €100 donation/investment, only €97 reaches the campaign; and
- **Delivering rewards:** Once a campaign is successful in reaching its goal, it is time for the campaigner to produce and deliver the promised rewards to backers (at least in a reward-based campaign). Apart from time and resources this requires specific costs, i.e. postal fees, production and packaging costs, etc. However, Box 7 illustrates how project holders find creative solutions to minimise the costs of delivering rewards.

---

[127] In the survey questionnaire, the following descriptions were used to clarify what we mean by "costs" and "benefits":

- *Benefits*: amount raised, new skills development, wider audience reach, extra media attention, new sponsors, higher community involvement, etc.
- *Costs*: out of pocket costs, platform costs, investment of time and other resources, etc.

[128] The fee ranges indicated below are based on the literature review and interviews. An overview and analysis of the costs charged by platforms hosting CCS projects will be described in the second interim report.

Box 7: Engaging local businesses for campaign rewards

Plautilla Nelli masterpiece to be restored Italy

The Advancing Women Artists Foundation (AWA) ran a campaign from 1st March to 16th April 2017 to raise $65,000 for restoring the last supper painting of 16th-century artist Plautilla Nelli. Apart from restoration costs, the campaign was used to raise awareness about women medieval artists.

AWA involved local businesses in providing rewards for donors. Examples include: The Florentine magazine offering subscriptions to the newspaper as a reward; artisan perfumerie Aquaflor developed a signature scent, "Invisible", available in exclusive pre-order; Hotel Savoy and Rocco Forte hotel offered a two-night stay and dinner at their Irene restaurant; Nerdi Orafo Firenze developed a unique pendant representing women artists; and restoration school Palazzo Spinelli created a tour for supporters. The cultural association at Il Palmerino gave proceeds from their spring events to the restoration.

Source: http://www.theflorentine.net/art-culture/2017/04/women-artists-win-crowdfunding/

4.5 The role of backers in CCS crowdfunding

4.5.1 Average amounts donated/invested by backers

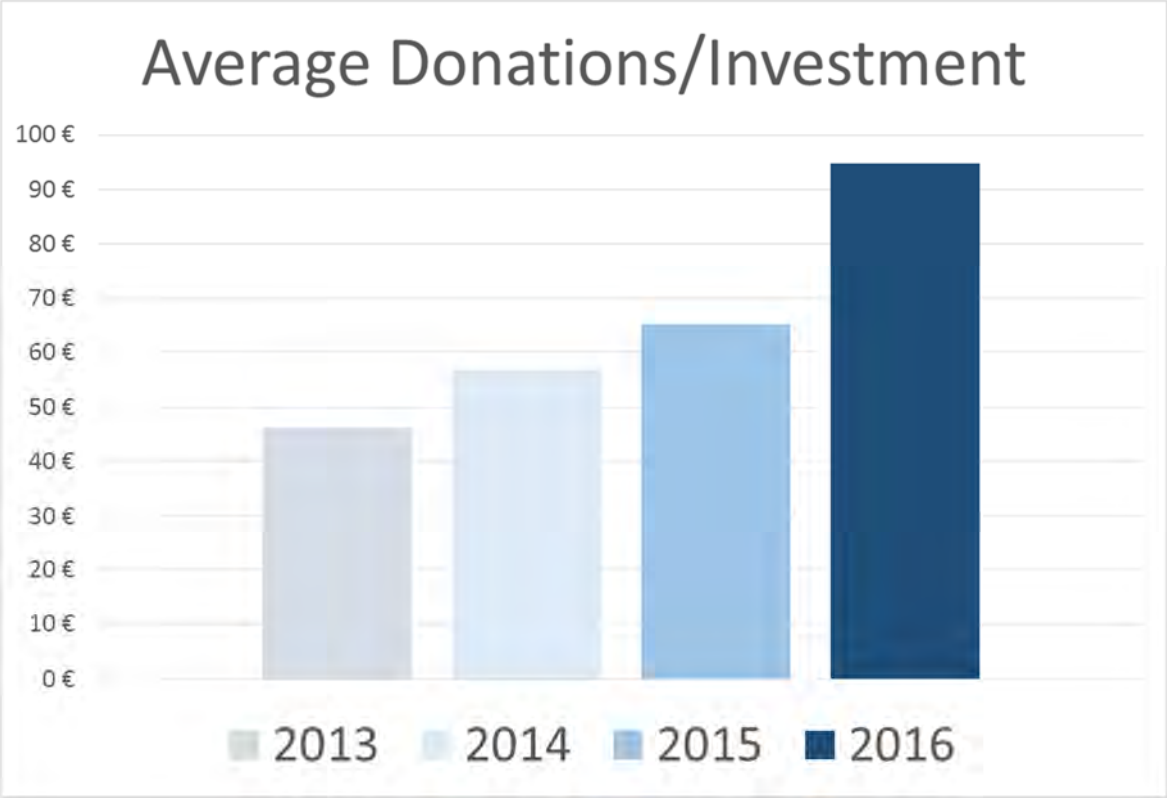
A total of 3.7 million people have backed campaigns, successful and unsuccessful, through crowdfunding platforms between January 2013 and October 2016[129]. Amounts given/invested vary from €1 to €247,583. The average amount donated/invested per backer has almost doubled since 2013, moving from €46 to €95. Those figures are coherent with the results of the backers' survey[130] in which 55% of the respondents that have already been involved in crowdfunding invested between €10 and €49 in their last campaign. Another 20% donated between €50 and €99.

Of those backers, 95% are private individuals whereas the remaining backers are categorised as a private company, a professional financing investor or a cultural or creative institution.

[129] Data available for n=62,222 campaigns. It must be noted that available data only provided number of backers per campaign. We are not able to track whether one backer donated/invested in more than one project.

[130] n = 296

Figure 60: Average amount per backer per crowdfunding campaign



Source: own calculations, based on Crowdsurfer data

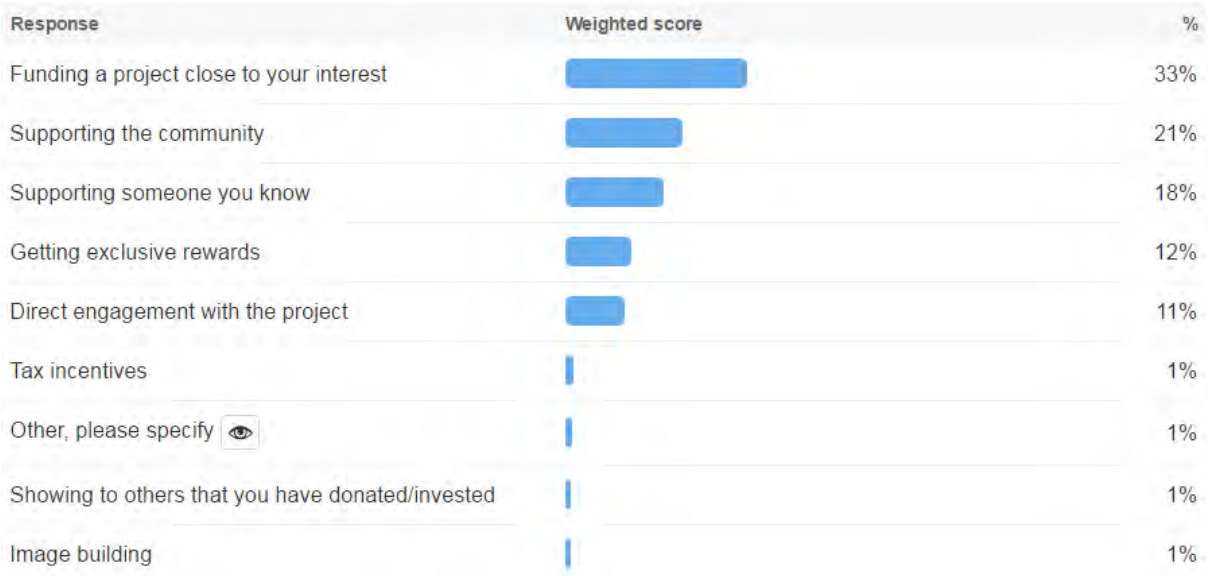
4.5.2 Reasons for becoming a CCS crowdfunding backer

Based on the results of the backers' survey (see *Figure 60*) we find that backers get into CCS crowdfunding mainly **to fund a project close to their interest or to support their community**. Other, though less important, incentives for backers to donate/invest in Cultural or Creative projects via crowdfunding are:

- the opportunity to support someone they know;
- the opportunity to directly engage with the projects; and
- the possibility to obtain an exclusive reward.

On the other hand, tax incentives and image building are not motivators to donate or invest in CCS through crowdfunding. Similarly, showing to others that they have invested/donated represent no incentive to participate in crowdfunding for CCS projects.

Figure 61: Reasons for donating/investing in CCS through crowdfunding (a) (Backers' survey)



Source: IDEA Consult based on survey results

(a) *Question in the survey: "Which of the following reasons are important to you when donating/investing in Cultural or Creative projects via crowdfunding? Multiple answers possible – please rank your answers in order of importance" (n = 338).*

(b) *The weighted score is a score weighted according to the ranking it received from the respondents. It has been computed on the basis of the following calculation method: items selected first receive a higher value than the next ones in the list. This value is exponential and depends on the number of selections in the rank order scale. In the graph, the percentage of all of these values (compared to the total) is shown. For an example of the calculation method, please see:* https://www.checkmarket.com/kb/how-do-i-interpret-rank-order-scale-results/*. As such, the weighted score gives a statement about the importance of a certain reason compared to the other reasons, but is not a mere reflection of the number of respondents that chose this answer.*

In a future perspective, 79% of 295 backers foresee to use crowdfunding again and 20% have not decided yet.

4.5.3 Reasons for not backing through crowdfunding

In the backers' survey, we have also asked the respondents who did not yet engage in crowdfunding for their reasons for not doing so. The main reason is the fact that they **do not know enough about how it works** (28% of responses). Other barriers to invest through crowdfunding are:

- a lack of appealing projects (for 23% of respondents);
- lack of knowledge about how to select good projects (13% of responses); and
- a lack of trust to donate/invest money online (13% of responses).

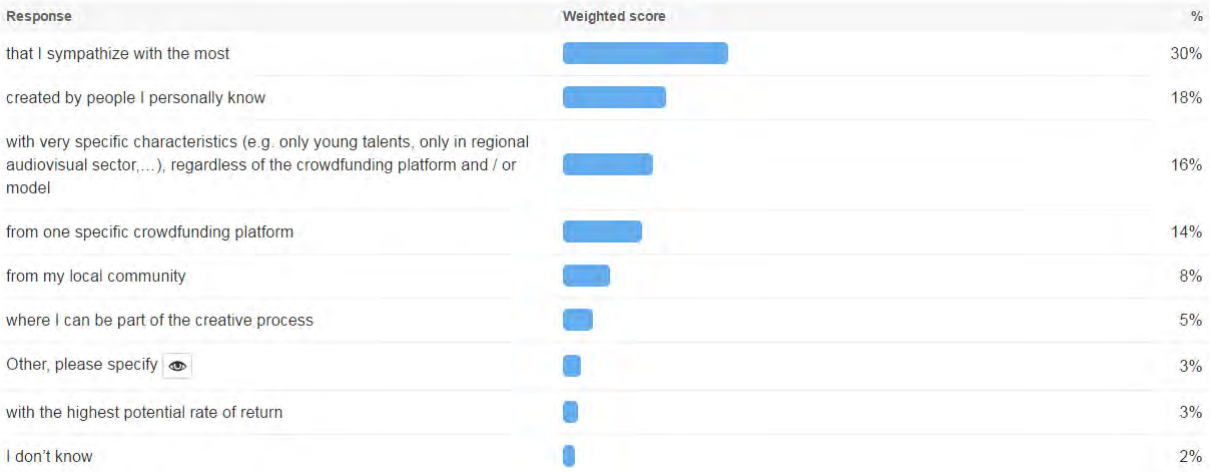
For those who already backed a project through crowdfunding but who did not yet back a CCS project through crowdfunding, by far the main reason for not doing so, is that they have not come across an appealing CCS project so far (58% of responses).

4.5.4 Criteria to select a CCS crowdfunding project to back

The results of the backers' survey show that **backers search for those CCS projects** that are **close to their interest**, that were **created by people they personally know** or that have very **specific characteristics** (e.g. in a certain sector) (see Figure 62). The fact that the project is posted on a specific crowdfunding platform is a less important criterion for backers. Moreover, the rate of return, the local character of the project or the fact that the backer can be part of the creative process do not seem to play an important role for backers when they select a CCS project to crowdfund.

Figure 62: Selection criteria for backers to donate/invest in CCS projects through crowdfunding (a) (b) (Backers' survey)

"I select projects...:



Source: IDEA Consult based on survey results

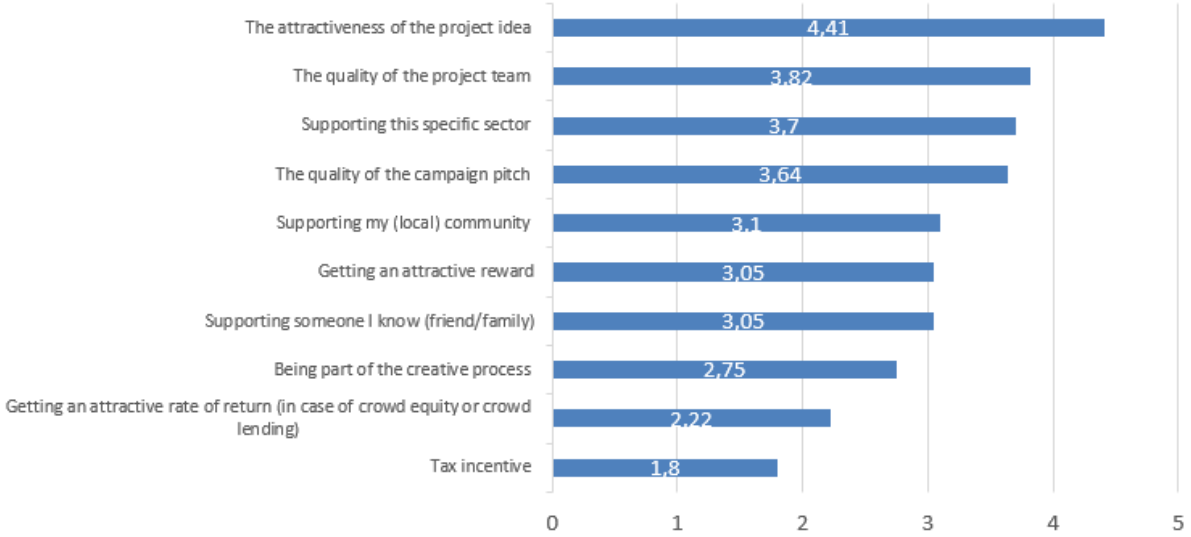
(a) Question in the survey: "How do you select the Cultural or Creative projects to donate/invest in? I select projects..." "Multiple answers possible – please rank your answers in order of importance" (n = 334).

(b) The weighted score is a score weighted according to the ranking it received from the respondents. It has been computed on the basis of the following calculation method: items selected first receive a higher value than the next ones in the list. This value is exponential and depends on the number of selections in the rank order scale. In the graph, the percentage of all of these values (compared to the total) is shown. For an example of the calculation method, please see: https://www.checkmarket.com/kb/how-do-i-interpret-rank-order-scale-results/*. As such, the weighted score gives a statement about the importance of a certain criterion compared to the other criteria, but is not a mere reflection of the number of respondents that chose this answer.*

Additionally, we have asked backers which reasons triggered them to financially back a CCS project through crowdfunding (with a focus on the last CCS project they backed through crowdfunding) – these are displayed in Figure 63. These reasons are very much in line with the conclusions from Figure 61 and Figure 62:

- The **project idea is the strongest driver** for backing a CCS project. Also the **quality of the project team and campaign pitch** are considered important reasons for backing a certain project. When combining Figure 61 and Figure 62, it becomes clear that in order to back a project, it is a necessary criterion for project backers to know the project holder, but not a sufficient criterion, i.e. the project idea must also be qualitative enough to convince backers to donate/invest.
- **Financial incentives,** such as the rate of return or tax incentives, **and the fact that backers can be part of the creative process,** are considered **neutral or unimportant reasons**. This is in analogy with the low importance of these factors as selection criteria for a project (see Figure 62) and with the lower ranking of these reasons as incentives to back CCS through crowdfunding (see Figure 61).
- Exclusive rewards are also not the main motivation for backers to support a project. This is in line with the reasons that backers indicate for supporting projects through crowdfunding (see Figure 61).
- On the other hand, backers do not consider the fact that they know the project holder personally as an important reason for supporting their last CCS project, while it is 1 of the top 3 criteria to select a crowdfunding project (see Figure 62) and one of the main reasons for supporting CCS through crowdfunding (see Figure 61). Again, this indicates that knowing the project holder is an important element to get the attention of backers, but not a sufficient criterion to make them give/invest in a project.

Figure 63: Reasons for backing a specific CCS project through crowdfunding (a) (b) (c) (Backers' survey)



Source: IDEA Consult based on survey results

(a) Legend: 1= Very unimportant, 2= Unimportant, 3=Neutral, 4= Important, 5= Very Important
(b) Average scores
(c) Question in the survey: "For this question: please focus on the LAST CCS project in an EU Member State that you have backed through crowdfunding (even if the campaign is still open at the moment of this survey" - "How important were the following reasons for you to back this project?" (n = 297)

4.5.5 Criteria for selecting a crowdfunding platform

For **backers,** the choice for a certain platform is directly linked to the projects that the platform hosts: a little more than 6 out of 10 backers **choose a specific crowdfunding platform because it hosts the project(s) the backer wants to support**. For 1 in 3 backers, the crowdfunding platform is chosen on the basis of the crowdfunding model the backer prefers. Also the sector focus of a crowdfunding platform, the language offered and the recommendation by others are selection criteria that are considered important by about 20% of the backers. However, the possibility of cross-border transactions offered by a platform or knowing someone that is working at the platform do not play an important role for the backers when they select a platform for their donation/investment.

Mesenaatti and Kickstarter are the two most referenced crowdfunding platforms by the backers surveyed. The top 3 ranking of most listed platforms also includes Indiegogo. This confirms the strong brand recognition of Kickstarter and Indiegogo when it comes to crowdfunding.

Figure 64: Criteria for backers to select a crowdfunding platform for their contribution (a) (b) (Backers' Survey)

Response	Total	% of responses	%
It hosted the project(s) I wanted to support	208		65%
It offers the right crowdfunding model for me (i.e. donation/rewards/lending or equity)	109		34%
It was recommended by others who used the platform	64		20%
It has a specific focus on the sector I am interested in	62		19%
It offers the right language(s)	45		14%
It hosts a high rate of successful campaigns	34		11%
It offers good follow-up services (after the campaign is over)	32		10%
It has an international outreach	32		10%
It allows me to directly contact the project owner	32		10%
I know someone working at the platform	29		9%
It provides the possibility for cross-border transactions	21		7%
Other, please specify	20		6%

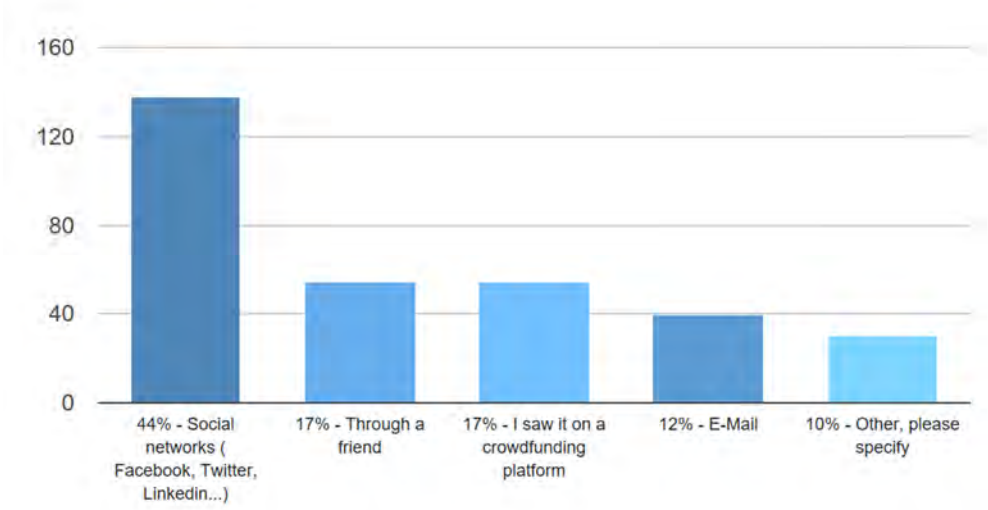
Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) Question in the survey: "Please indicate how you selected the crowdfunding platform(s) for your contribution(s)? Select maximum 3 choices." (n = 322)

4.5.6 Backers' information sources

According to the Backers' survey (see Figure 65), **social media** appears to be **the main source through which backers are informed** about the last CCS project they funded (44%). For a little less than 1 out of 5 backers, the crowdfunding platform or a friend was the information source through which they heard about the CCS project they backed.

Figure 65: Backers' information sources (a) (Backers' survey)



Source: IDEA Consult based on survey results

(a) Question in the survey: For this question: please focus on the LAST CCS project in an EU Member State that you have backed through crowdfunding (even if the campaign is still open at the moment of this survey" - "How did you hear about the last crowdfunding campaign you backed?" (n = 314)

The dominant role of social networks as a source of information for backers is important for project holders to take into consideration when setting up a crowdfunding campaign, as illustrated in Box 8.

Box 8: The importance of online social networks in crowdfunding

In 2016, in Eglisau - a small village in Switzerland - choir leader Helene Haegi went online with her Heimatliche Klängeexternal link (local sounds) folk music project. Her aim was to get two male voice choirs to yodel a mass for charity. Despite a video, a great network and creative rewards for investors, Haegi secured only CHF1,700 of her target of CHF10,000. "Our target amount was too high," reflects Haegi. A further problem was that her target audience are not heavy internet users. "Our club members have great networks, but not over the internet." Although some of the choir members have Facebook accounts and posted the campaign online several times, they simply weren't reaching anyone. "Another factor is that many older people are sceptical about making payments online," she says. Clearly, crowdfunding has yet to bridge the generation gap.

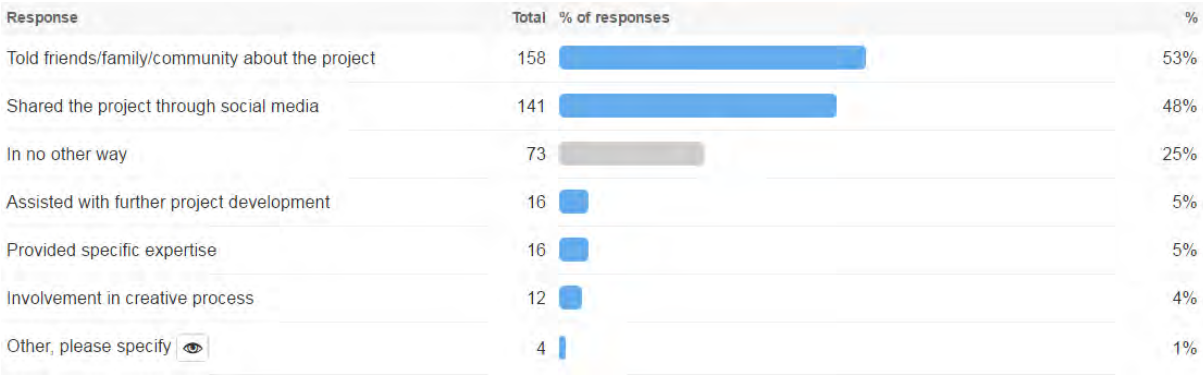
Source: swissinfo.ch[131]

4.5.7 Other contributions of backers in CCS crowdfunding campaigns

In the backers' survey, we have asked backers whether they have provided any contributions – other than financial – to the last CCS project they backed through crowdfunding. Figure 66 shows that more than half of the backers **spread the word about the project to their friends, family and the wider community and** that a little less than half of the backers **share the project through social media.** As such, the backers indeed help to realise some of the "other benefits" that the CCS actors reported above (see Table 6), namely the outreach to a wider audience and possibly the increased community involvement and/or extra media attention. Backers do not really engage any further in the project, such as providing specific expertise, being involved in the creative process or assisting with the further development of the project. This is also in line with the reasons and selection criteria for backing a CCS project through crowdfunding, where "being part of the creative process" or "direct engagement with the project" scores rather low as an incentive for backers to support a CCS project (see Figure 61, Figure 62 and Figure 63).

[131] http://www.swissinfo.ch/eng/business/funding-the-arts_the-crowd-isn-t-always-a-reliable-partner/42474486#.V_JGsC05y8c.facebook

Figure 66: Other than financial contributions from backers to crowdfunding projects (a) (b) (Backers' survey)



Response	Total	% of responses	%
Told friends/family/community about the project	158		53%
Shared the project through social media	141		48%
In no other way	73		25%
Assisted with further project development	16		5%
Provided specific expertise	16		5%
Involvement in creative process	12		4%
Other, please specify	4		1%

Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) Question in the survey: "For this question: please focus on the LAST CCS project in an EU Member State that you have backed through crowdfunding (even if the campaign is still open at the moment of this survey" - "Apart from your donation/investment, how else have you contributed to the project? Multiple answers possible." (n=296)

4.6 Better information sharing to improve the uptake of crowdfunding for CCS

4.6.1 Support for CCS actors to better use crowdfunding

When asked what kind of information could help **CCS actors** to make better use of crowdfunding or to run a crowdfunding campaign, they are mainly looking for **information on how to run a successful campaign** (see Table 7). This seems somehow contradictory with the fact that only a minor part of the CCS respondents find "good coaching services" an important criterion for selecting a crowdfunding platform. Combining these insights indicates that CCS actors are mainly looking for "Do It Yourself" information that is easily accessible.

Table 7: Supporting information for CCS actors (a) (b) (c) (CCS Survey)

Information helpful to assist the organisation… …to make better use of crowdfunding (for those having run or running a campaign) …with the crowdfunding campaign (for those planning a crowdfunding campaign in the coming year)	% of respondents having run or running a campaign	% of respondents planning a crowdfunding campaign in the coming year
Information on how to run a successful campaign	46%	74%
Information on other successful crowdfunding examples	38%	47%
Information on how to choose the right platforms	**34%**	56%

Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) Question in the survey (for those using or having used crowdfunding): "What type of information would have assisted your organization to make better use of crowdfunding? Multiple answers possible." (n=108)
Question in the survey (for those planning a campaign): "What type of information would be helpful to assist your organization with the campaign? Multiple answers possible. (n=87)

4.6.2 Support for backers to donate/invest more in CCS projects through crowdfunding

For about 4 out of 10 backers that responded to the survey, **more information, both about the credibility of the project owner and the way their money will be spent**, would support them in backing more CCS projects through crowdfunding. For 20% of the backers, a quality label provided by the public authorities to the crowdfunding platforms would also encourage them to fund more CCS projects through crowdfunding. In sum, this shows that (increased) transparency with regard to the quality of the project (holder) would support backers to donate/invest more through crowdfunding. Information on financial returns, such as the return on investment, the mode of repayment and tax incentives, are less relevant for the backers that responded to the survey. This is in line with their reasons for backing a crowdfunding project (see Figure 61, Figure 62 and Figure 63). Project descriptions in their own language and matchfunding schemes would support about 13% of the backers to donate/invest more in CCS projects through crowdfunding.

Figure 67: Support for backers to donate/invest more in CCS projects through crowdfunding (a) (b) (c) (Backers' survey)

Response	Total	% of responses	%
More information about how my money will be spent	164		46%
More information about the credibility of the project owner	164		46%
None of the above	72		20%
Quality label provided by public authorities to platforms	72		20%
More information on how crowdfunding works	57		16%
Project backing by other private backers or by the public authorities	47		13%
Having project descriptions in my own language	46		13%
More information about the return on investment and the mode of repayment	45		13%
More information about existing tax incentives	38		11%
Other, please specify	25		7%

Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) This question was asked to everybody who backed a crowdfunding campaign in the EU, whether or not in CCS.
(c) Question in the survey: "Which of the following would help you donate/invest more in Cultural or Creative projects through crowdfunding? Multiple answers possible." (n=353)

With regard to the information flow between project holders and backers, we also asked the backers whether they were satisfied with the quality of information they received after the closing of the last CCS crowdfunding campaign they supported. For the majority of respondents this was the case – only 5% of the backers were not satisfied with the information they received after the campaign closed.

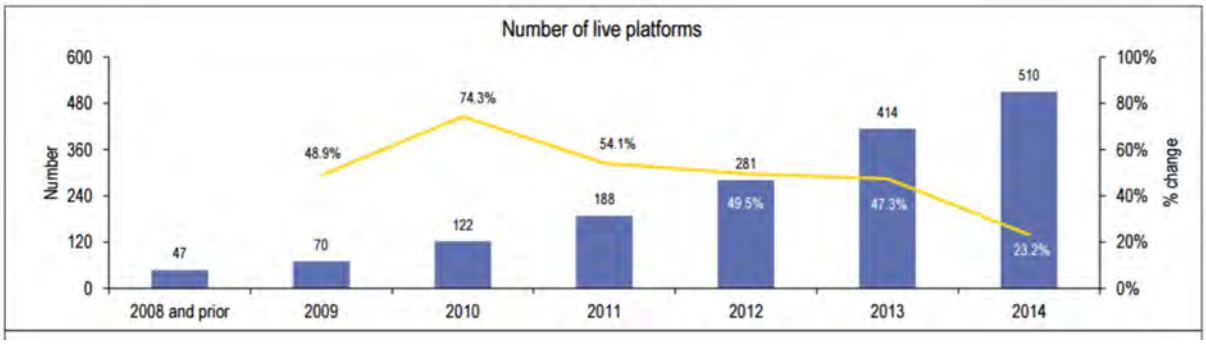
4.6.3 Delivery of the reward

When we asked the backers that were supporting, or had already supported, a CCS project through crowdfunding whether their reward was delivered on time, this was the case for 54% of respondents, while 21% were still expecting it in due time and another 14% didn't know yet as the campaign was still in progress. For 11% of the responding backers, the reward was only partially (7%) or not (4%) delivered on time.

5/ Platforms landscape for the cultural and creative sectors

As the crowdfunding market is in full development, the platforms landscape in Europe is highly dynamic and has changed significantly over the past years. The graph below from the 2015 study "Crowdfunding: Mapping EU markets and Events"[132] shows a steady increase in live crowdfunding platforms in the EU.

Figure 68: Number of live platforms in Europe, evolution until 2014



Source: study "Crowdfunding: Mapping EU markets and Events"

From the Crowdsurfer dataset we recorded a total of 1,009[133] platforms operating in Europe in 2016, 793 of which were live in the same year. According to these data, a total of 216 platforms have become inactive since 2008. That is around 24 platforms per year since 2008.

From the 1,000+ platforms in Europe, in 2016 more than 150 crowdfunding platforms[134] target CCS campaigns, either in a specialised CCS strategy or as part of a multi-sector strategy.

As the number of CCS campaigns has been going up in previous years, so has the number of platforms on which CCS campaigns have been launched. From the Crowdsurfer data analysis we find that there is a big increase in numbers of platforms used to launch creative projects, from 89 platforms in 2013 to 207 in 2014 and 255 in 2015. Between 2013 and 2016 the number of platforms used by creatives has increased by 200% (see Figure 69).

This increase can be attributed to the increasing number of platforms launched each year, in parallel to creatives becoming more aware of crowdfunding platforms.

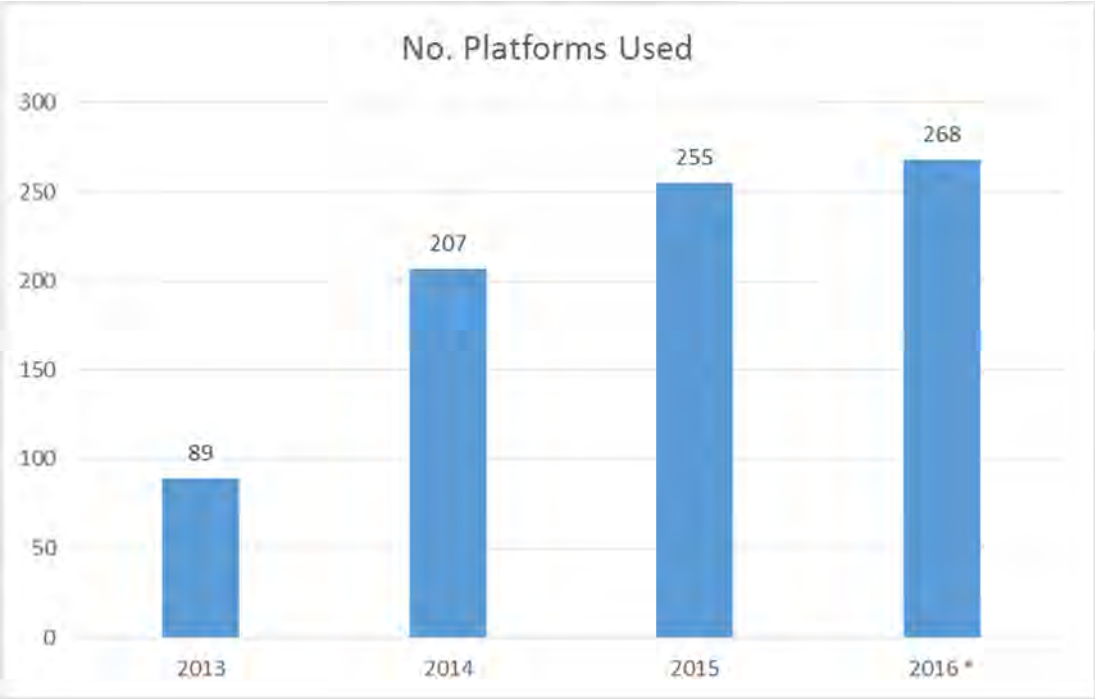
Nearly half of the European crowdfunding campaigns are launched on global platforms (f. ex. Kickstarter, Indiegogo). This shows that local platforms in Europe work in parallel to global platforms. This dual structure in the platforms landscape is reflective of the different characteristics of the CCS sectors, their business models, vision and mission, and type of audience.

[132] http://ec.europa.eu/finance/general-policy/docs/crowdfunding/20150930-crowdfunding-study_en.pdf

[133] Includes number of platforms in pre-launch phase. For this study they are considered inactive.

[134] Still active in October 2016

Figure 69: Number of Platforms used by CCS actors, 2013-2016



Source: own calculations, based on Crowdsurfer data

* Prediciton based on data from January-October 2016

Most crowdfunding platforms are in their start-up phase, struggling to determine successful business models. Some platforms have become inactive while others have found their niche markets and specialising in a certain field, i.e. culture, renewable energy, healthcare, etc. Similar to market evolutions in other dynamic young sectors, we expect that after the major growth in the number of platforms being set up, the sector will start to consolidate. Those platforms that manage to upscale and find a sustainable business model will be able to survive; those that don't will cease their activities over time.

5.1 Online platforms map

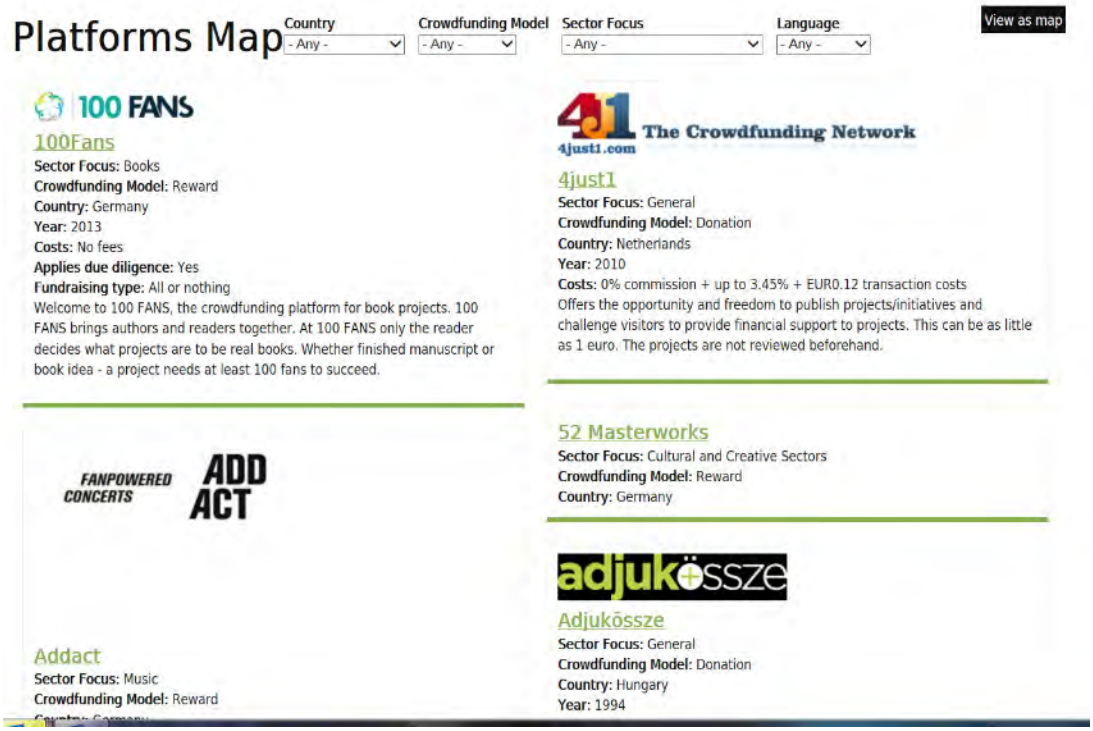
With extensive desk research, a total of 194 platforms have been identified by the research team that either solely focus on CCS or actively host CCS campaigns on their site in the crowdfunding market. Out of this list, 42 platforms were identified as no longer active by 2016. On average 5 CCS specific platforms a year have become inactive since 2008.

On the project website https://www.crowdfunding4culture.eu/map-as-table we have listed those crowdfunding platforms that target CCS projects and are still active. Website visitors can filter these platforms on the basis of the following criteria:

- country;
- crowdfunding model: donation, reward, lending, equity, mixed;
- sector focus: general (including CCS), only CCS, specific CCS subsectors; and
- language

The platforms map is also available as an overview table, with the same filtering possibilities. For each platform, there is an overview of the filtering variables, as well as a short description of the platform, and (depending on data availability) information on: the costs charged, the fundraising type (all-or-nothing or take-it-all) and the year the platform was founded.

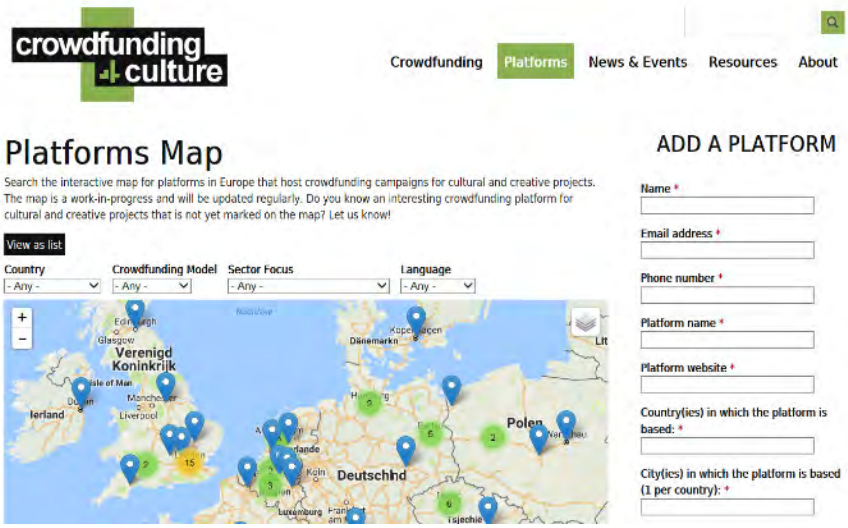
Figure 70: Overview of platforms' information available on the website www.crowdfunding4culture.eu



Source: www.crowdfunding4culture.eu

Via (among others) crowdsourcing, we continuously expand and further update this list of platforms. Website visitors can submit suggestions to us to include other platforms that host CCS projects on the map (see Figure 71).

Figure 71: Screenshot of website "Platforms' map" and possibility to add a platform



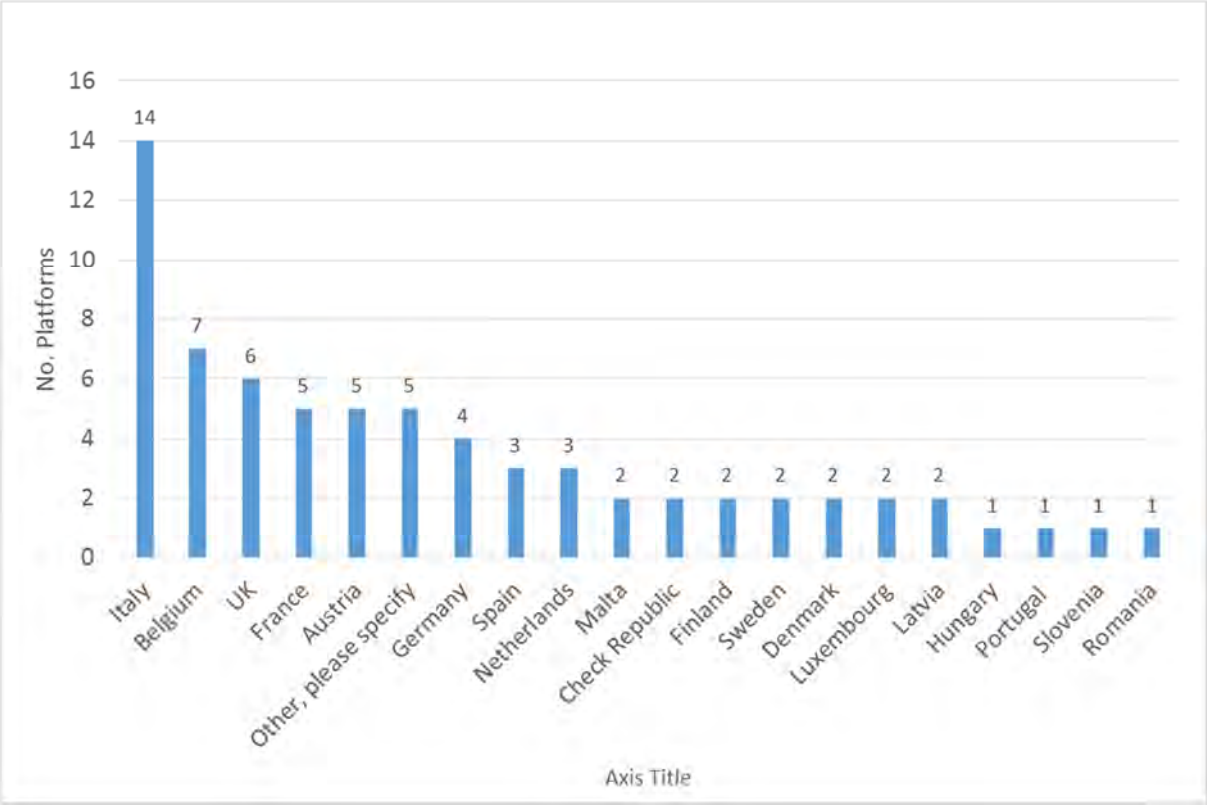
Source: www.crowdfunding4culture.eu

5.2 The crowdfunding business potential of CCS projects

Crowdfunding platforms are active all across Europe. Among the survey respondents, platforms come from 20 different countries, with 5 countries containing a larger share of platforms on their territory. Italy is the most cited country of launch with 20% of responding platforms. Belgium comes second with 10%, and for 9% of respondents,

the United Kingdom is the country of launch of their platform. Then, Austria and France have equal penetration with the launch of 7% of responding platforms.

Figure 72: Platforms' survey - repartition of countries for the launch of crowdfunding platforms (a)



Source: IDEA Consult based on survey results

(a) *Question in the survey: "What is the country of launch of your platform?"* (n=70)

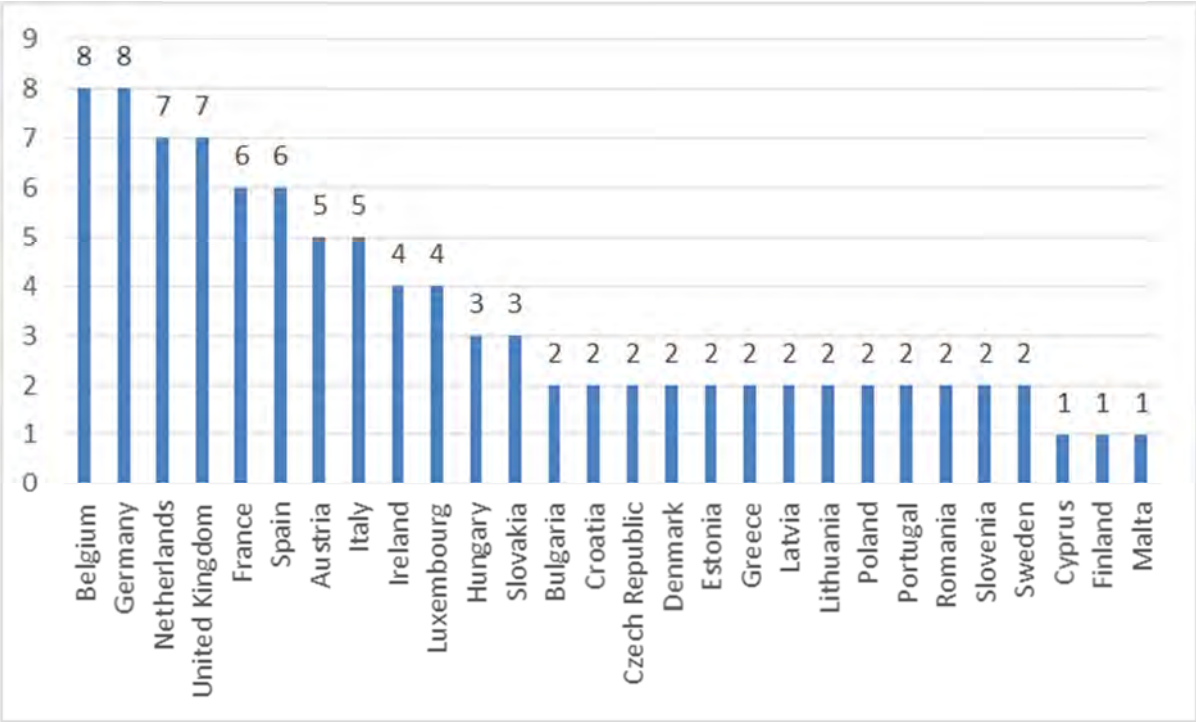
The category embracing other countries not included in the selection contains Norway, Switzerland, Iceland and the USA.

Next, platforms were asked the year of launch of their activity. There is no clear majority but the years when the largest number of platforms were launched include 2010, 2013, 2014, 2015 and 2016; highlighting the novelty of crowdfunding in Europe. As a matter of fact, only 13 out of 67 platforms surveyed were launched prior to 2010.

With regard to the scope of each platform, 70% of responding platforms are not legally operating in any other country than their country of launch. Platforms operating in only one other country than their own represent 9% of the respondents. At the other extreme, 6 platforms are operating in more than 10 other countries than their country of launch by usually welcoming projects and backers from all Europe or the rest of the world. There is no relationship between the country of launch of a specific crowdfunding platform and the number of countries in which it is legally operating.

Nevertheless, with regard to the 20 platforms legally active in another country than their country of launch, those platforms have clear preferences about the countries in which they decide to expand. Figure 73 below illustrates the platforms' willingness to expand in Belgium, Germany, the Netherlands, the United Kingdom, France and Spain whenever they launched their activity in any other country.

Figure 73 : Platforms' choice for countries for expansion (a) (b) (Platforms' survey)



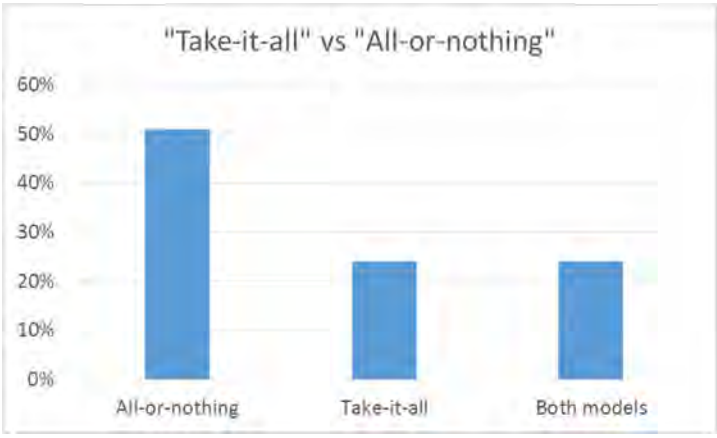
Source: IDEA Consult based on survey results

(a) Question in the survey: "In which other countries is your platform legally operating?" (n=20)
(b) Multiple answers possible, therefore the sum is higher than the number of respondents.

When trying to understand the mechanisms that push one platform to expand its activity, the platform's age could have played a role. However, there is no correlation between the platforms' year of launch and country of launch, nor between the platforms' year of launch and total number of countries in which a platform is legally operating.

Most of the surveyed platforms offer an all-or-nothing model for fundraising. However, it is interesting to see that 24% of platforms surveyed offer both the take-it-all and the all-or-nothing models for project holders.

Figure 74: Crowdfunding model

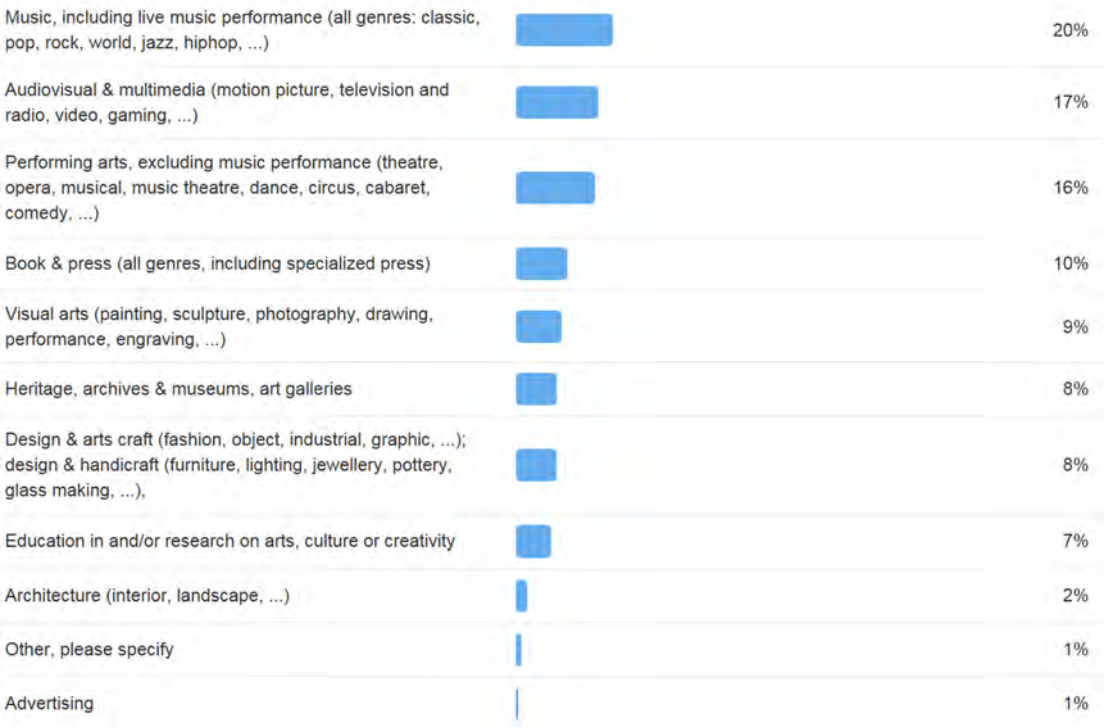


Source: IDEA Consult based on survey results

(a) Question in the survey: "Do you apply the take-it-all or the all-or-nothing model on your platform?" (n=37)

Similarly to what came out from the Crowdsurfer data, music, film and performing arts are the most presented sectors on the platforms surveyed.

Figure 75: Most present creative sectors on surveyed platforms[135]



Source: IDEA Consult based on survey results

*(a) Question in the survey: "Which of the following subsectors in the Cultural and Creative Sectors are most present on your platform? *Multiple answers possible-rank in order of importance*

With regard to the composition of the different platforms' communities, a discrepancy in the number of active members can be observed (active members are members that regularly – on a three month basis – donate/invest in projects or submit projects on the platform). 35% of platforms claim to have between 10 and 25% of active members. Figure 76 below demonstrates the precise repartition of platforms between the remaining categories.

[135] In the section 'Other', respondents have included tourism, upcycling and welfare.

Figure 76: Percentage of active members per platform (a) (Platforms' survey)

Response	Total	% of responses	%
Less than 10%	4		11%
10-25%	13		35%
25-50%	5		14%
50-75%	7		19%
More than 75%	2		5%
I don't know	6		16%
	Total respondents: 37 Skipped question: 0	0% 20% 40% 60% 80%	

Source: IDEA Consult based on survey results

(a) *Question in the survey: "What percentage of your members are active*? *Active members: members that regularly (on a three month basis) donate/invest or submit projects on the platform?"* (n=37)

5.2.1 Campaign support services

A large majority of the platforms that participated in the platforms' survey indicate that next to hosting campaigns they also provide supporting activities to project holders to further improve campaigns (see Figure 77). 84% of the respondents support project holders in improving their communication and social media outreach. More than two-thirds of the respondents also provide assistance in pitch writing.

Figure 77: Campaign support services offered by platforms (a) (b)

Response	Total	% of responses	%
Communication and social media outreach	31		84%
Pitch writing assistance	25		68%
Other, please specify	20		54%
Campaign film assistance	13		35%
Campaign photography assistance	11		30%
Business Plan assistance	11		30%
We do not offer any services	3		8%

Source: IDEA Consult based on survey results

(a) *Multiple answers possible; therefore the percentages sum to more than 100%.*
(b) *Question in the survey: "Which of the following campaign support services, if any, do you offer on your platform? Multiple answers possible."* (n=37)

When asking about the extra fees that they ask for these supporting services, only 24% of the respondents indicated that they ask a fee for these services. More than three-quarters of respondents offer these campaign support services for free.

Box 9: Crowdfunding without a third party platform

The Louvre has been using crowdfunding regularly, raising more than €4 million by around 22,000 donors. However, instead of using existing platforms, Louvre has its own dedicated platform called Tous mécènes. Since 2010, the Louvre has used crowdfunding to aquire The Three Graces by Lucas Cranach, several thousand donors have contributed to the conservation or acquisition of major artworks such as the Winged Victory of Samothrace in 2013, the Breteuil Table, also known as the Teschen Table, in 2014, or Saly's Cupid in 2015. In 2017 €500,000 were raised to restore and reconstruct one of the treasures from its collection of Egyptian Antiquities: the mastaba of Akhethotep chapel. Using your own platform eliminates certain fees (percentages taken from successfully raised amount). However, buildinging a personalised platform also comes with its own costs.

Source: http://www.tousmecenes.fr/fr

5.3 Platform partnerships

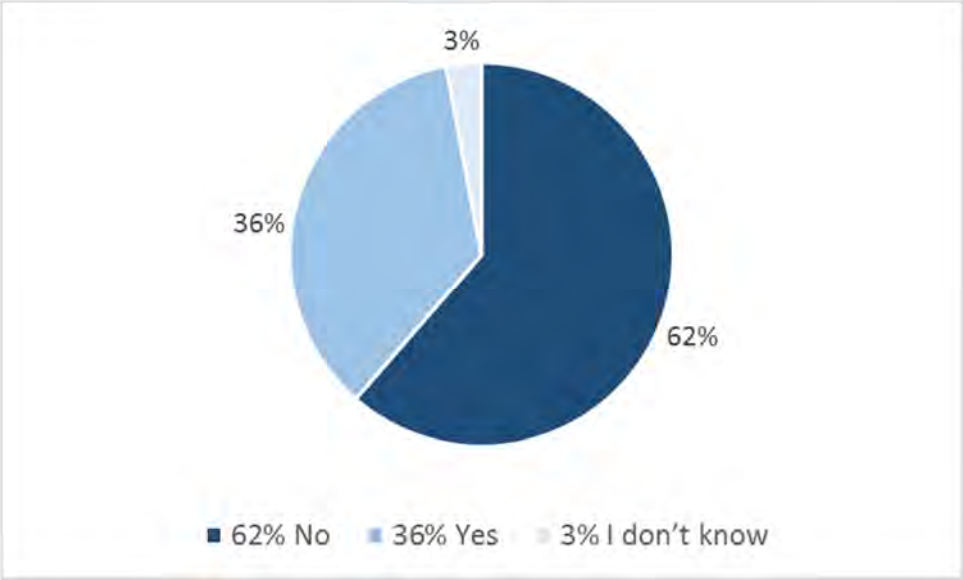
From the survey results and the different partnership and platforms case studies (see the case studies report for the full case studies) we see that crowdfunding platforms across Europe are setting up partnerships with public and private organisations for different reasons and with different goals.

Some partnerships are set up to build a critical mass of investors and thus increase the success rate of campaigns. The cases of "Seedrs" and "MyMicroInvest" are illustrations of this type of partnership. Other partnerships focus on linking crowdfunding to public or other private funding to act as leverage – i.e. matchfunding partnerships.

According to the survey respondents, partnerships are already used relatively frequently in the context of CCS crowdfunding. Figure 78 shows that 36% of the respondents have partnerships with public or private organisations in the context of a **matchfunding scheme**.

Matchfunding schemes represent partnerships between crowdfunding and another type of funding; whether it is matched with public grants or private funds.

Figure 78: Intensity of use of partnerships in the context of a matchfunding scheme (a) (Platforms' survey)



Source: IDEA Consult based on survey results

(a) *Question in the survey: "Does your platform have a partnership with a government or private organisation in the context of a matchfunding scheme* for Cultural and Creative sectors? * a scheme where online crowdfunding is matched with public grants or private funds?"* (n=39)

As a continuation of this survey question, platforms were also asked to describe this partnership: the name of the matchfunding scheme, the partner organisation, the year of launch, the matchfunding model and the website url.

The boxes below provide further information about some of the mentioned schemes.

Box 10: KulturMut Prize: Matchfunding scheme between Startnext and the Leventis Foundation (Germany)

Since 2013, the Aventis Foundation and crowdfunding platform Startnext have collaborated to promote the projects of cultural professionals from the Rhine-Main region through crowdfunding campaigns; this partnership is named **kulturMut**. Annually, an open tender process takes place where the crowd decides which project will receive the €250,000 cash prize from the investment fund Aventis Foundation. This scheme is a type of co-financing with a fixed amount provided annually. For now, the partnership between Startnext and Aventis Foundation has supported 105 projects and brought €1,420,565 of financing. Since 2016, the Kulturfonds Frankfurt RheinMain has become part of this matchfunding scheme.

For more information visit: https://www.startnext.com/pages/kulturmut#contest

Box 11: Unikat: Matchfunding scheme between Startnext and the University of Kassel (Germany)

Unikat Crowdfunding is a similar scheme as KulturMut, but supporting projects coming from the Kassel region. Unikat Crowdfunding was brought by the collaboration between Startnext and the University of Kassel and the Economic Development Region Kassel GmbH. During March 2016 it has launched its crowdfunding contest named "Cuture makes beautiful" targeting cultural ideas from Kassel. So far, this scheme supported 42 projects with 3,532 backers, leading to a total amount of financing of €570,020.

For more information visit: https://www.startnext.com/pages/unikat#contest

Box 12: MikroCrowd: Matchfunding scheme between Startnext and with L-Bank (Germany)

In April 2017, the crowdfunding platform Startnext starts its first co-funding project with the regional public bank L-Bank, called **MikroCrowd**. This matchfunding scheme unites the concepts of microfinancing and crowdfunding. For a project to be eligible, it needs to be evaluated and approved by L-Bank and its partners. Then, the crowdfunding phase can start and the project is hosted on Startnext in order to reach its target goal. The threshold of 50% of the total target needs to be reached for the project holders to receive a loan up to 50% of the total (with a maximum loan of €10,000). The reward-based crowdfunding phase is used as a tool for the proof of concept. Indeed, the microloan is only granted in the case of a successful crowdfunding campaign.

For more information visit: https://www.l-bank.de/lbank/inhalt/nav/foerderungen-und-finanzierungen/existenzgruendungs-und-wirtschaftsfoerderung/mikrocrowd.xml?ceid=128446

Box 13: Gijón Impulsa: Matchfunding scheme between Verkami and the Municipal Center for Companies in Gijón (Spain)

Gijón Impulsa Crowdfunding is the outcome of the collaboration between the crowdfunding platform Verkami and the Gijón commune, in Spain. This matchfunding scheme selects 10 innovative projects from the ICT sector or the Creative and Cultural industries to secure financing in order to carry out a collective training and funding plan, and a crowdfunding campaign. The citizens of Gijón are in charge of deciding which projects will receive complementary funding from the Municipal Center for Companies of Gijón.

This scheme works with the all-or-nothing concept, where Gijón Impulsa doubles the amount collected if the target is reached and with a maximum of €2,000 per initiative (the total amount dedicated to this scheme is €20,000). On the other hand, Verkami is responsible for hosting the campaigns, but also for counselling the selected projects throughout the process in order for them to conduct successful campaigns.

Since its creation in 2016, Gijón Impulsa Crowdfunding has helped 9 projects, raising €30,762 from 990 backers.

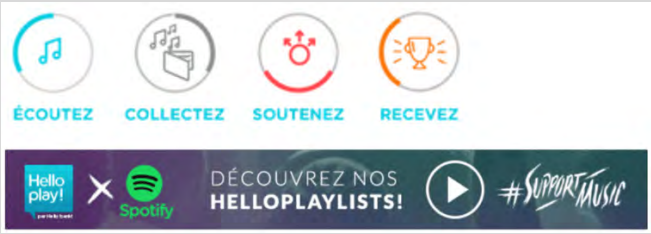
For more information visit: https://www.verkami.com/gijon

Box 14: ZHdK Channel: Matchfunding scheme between Wemakeit and the Zurich University of Arts (Switzerland)

The crowdfunding platform Wemakeit and the Zurich University of Arts (ZHdK) have united their strength to create the **ZHdK Channel**; a matchfunding scheme targeting former and current students of the university. It works as a shop window for students to expose their ideas and collect funding from the university if their application meets the requirements. The funding is fixed; a starting credit of CHF150 (€140) is delivered by the Zurich University of Arts. In addition, the ideas get to be published on the ZHdK website and appear on other communication channels and platforms of the university, if considered suitable.

For more information visit: https://wemakeit.com/channels/zhdk

Box 15: Hello Play: Matchfunding between Ulule and Hello Bank (France)



Hello Play! is the outcome of a collaboration between the crowdfunding platform Ulule and Hello Bank. This matchfunding scheme is specially targeting the music industry; Hello Play is a music platform itself having partnerships with others of those platforms such as Deezer, Spotify, Soundcloud and Last FM. The concept is simple and does not demand any financial transaction from the user to the project. When the user is connected on Hello Play! and listens to music, he accumulates 'Hello Coins' on his account, allowing him to invest those coins in the music projects he wishes to support. In return the user receives rewards from the projects he supported.

Box 16: MeTa Kultura: Matchfunding between Goteo and Provincial Council of Gipuzkoa (Spain)

Goteo is a crowdfunding platform for civic crowdfunding in cultural, social, educational and technological projects. It regularly collaborates with public authorities in the ambit of matchfunding. In 2017 it partnered with the cultural department of the Provincial Council of Gipuzkoa (Spain). **MetaKultura!** dedicated €70,000 in 2016 for cultural projects located in that region. This matchfunding scheme works according to the 1:1 model: for every euro that the user gives to the project on Goteo, the Provincial Council of Gipuzkoa invests another euro to the project.

Next to partnerships in the context of matchfunding, **other types of partnerships** also exist to help support crowdfunding in the Cultural and Creative Sectors. As a matter of fact, 56% of platforms surveyed confirm to be involved in at least one partnership (aside from matchfunding).

The partnerships referenced are very diverse, and include among others partnerships to get media/press attention to spread the word, or partnerships with organisations responsible for marketing, collaborations to help the organisation of campaigns and events – partnerships with local communities, concert halls or to fund training – and finally, platforms frequently partner with other institutions to facilitate fundraising. Furthermore, collaborations can be set up for the purpose of a better communication and exchange of information, partnerships with the client's fundraising team for instance. Box 17 and Box 18 below illustrate examples of such partnerships.

Box 17: Partnership for airtime

The crowdfunding platform Verkami collaborates with Barcelona Televisió (BTV) in the airing of a TV programme. Indeed, Verkami hosts crowdfunding campaigns about the production of a series. Barcelona Televisió is charged to air the pilot of a series where people watching this pilot have the link to the campaign on the screen and can contribute directly and see their contribution updated in real time in the funding progress bar displayed on the screen. The pilots that are entirely funded will record a first season that will be aired on BTV. For the time being, 5 out of 6 pilots are already funded.

Box 18: Partnership for the organisation of events

In spring 2016, the brand Freitag and wemakeit partnered to organise events promoting crowdfunding. They invited project initiators to introduce their ongoing campaigns at crowdfunding venues in Zurich, Lausanne and Vienna. The purpose was to win over the audience and receive financial support by giving out convincing presentations. Aside from increasing the awareness around those campaigns, Freitag even boosted their visibility by displaying campaign advertisements on their website (www.freitag.ch).

The case study of "Voordekunst" (see box

Box 19 for a summary description) illustrates how crowdfunding platforms can **combine diverse types of partnerships** to the benefit of their work.

Box 19: Voordekunst - being there for the arts

Voordekunst is the biggest Dutch crowdfunding platform dedicated to arts and culture. In the past six years it raised some €12.9 million donated to 2,219 projects through 128,477 donations (numbers retrieved on 19th December 2016).

Voordekunst takes a lot of effort to guide applicants for crowdfunding projects towards a successful campaign. This has resulted in an 80% success rate of the campaigns on their platform, which is very high compared to most crowdfunding platforms. Their knowledge on setting up campaigns has become a source of income in the form of selling counseling, workshops and masterclasses.

These features have made them attractive for partnerships. At the moment they show 18 partners on their website. Most of them are public funds and regional governments, others are private funds and there are also some companies involved.

Voordekunst has recently developed a partnership model that distinguishes four kinds of partnerships:

1. *Network partner*: these form channels to reach a wider audience and broaden their network. For the network partners their alliance with Voordekunst provides an affiliation with crowdfunding as a part of cultural entrepreneurship and providing access to finance.
2. *Matchfunding partner*: these partners provide funds for crowdfunding campaigns that fit their criteria. The emphasis can be regional, talent development or reaching new target groups.

3. *Knowledge partner*: these partners provide knowledge, either to the artists for their development or for the development of Voordekunst as an organisation;
4. *Platform partners*: they support Voordekunst financially because they find its existence important.

Most partnerships fall into one of these categories; some have traits of more than one. In the near future Voordekunst will further develop this partnership model. Important challenges are to find good knowledgable partners and to keep companies as partners for a longer period of time, since their involvement seems to be small and not sustainable.

Source: Voordekunst case study

The initiative to set up a partnership can either come from the platform itself, or from another institution. The latter is, for example, the case with the set-up of the Hamburg CCS crowdfunding platform "Nordstarter" by Hamburg Kreativ Gesellschaft, and crowdfunding platform StartNext (see Box 27 in section 6/).

Also, a group of partners can jointly decide to set up a partnership to promote the uptake of crowdfunding and alternative finance in a community at large. Examples are "Act4Greece" in Greece (see Box 20) or "TousNosProjets" in France (see Box 21).

Box 20: act4Greece – An initiative for the promotion of social and development banking in Greece

The National Bank of Greece, in strategic cooperation with organisations and foundations of international standing, initiated the crowdfunding platform act4Greece. The objective of the platform, which was established in February 2016, is to enhance projects that are needed by the Greek society. act4Greece is seen as the pioneer programme in Greece for the promotion of social and developmental banking.

act4Greece mainly hosts projects from Nongovernmental Organisations (NGOs) and Greek Universities that seek funds through the donation-based crowdfunding model. Seven areas of action are covered by the programme: 1) Welfare, Health and Solidarity, 2) Social Economy and Entrepreneurship, 3) Culture and Cultural Entrepreneurship, 4) Young and Innovative Entrepreneurship, 5) Environment and Sustainability, 6) Research, Education and Training, and 7) Sporting Activities.

All strategic partner institutions contribute to act4Greece by offering their know-how, by participating in the selection process of the projects. At the same time they aim at leveraging the potential of the platform by broadening and multiplying the resources (monetary and non-monetary) for projects that they already support.

The very first successful project of act4Greece was a cultural project. The Art Theatre Karolos Koun managed to gather over €100,000 for the renovation of this ancient theatre in half of the campaigning time, while act4Greece had only been live for one and a half months. This success shows that act4Greece had a positive impact on crowdfunding for culture in Greece, although pooling funds through the crowd for cultural projects is still undeveloped in this country. The Onassis Foundation was one of the main supporters of the Art Theatre project, while they have a special focus on education, culture, health and social solidarity.

Source: act4Greece case study

Box 21: TousNosProjets.fr – aggregating crowdfunding projects in France

The website TousNosProjets.fr is a platform that aggregates projects of French crowdfunding platforms. It was initiated by the French public investment bank, BPI France, in 2014. The goal of the platform is to support the emergence of crowdfunding in France by giving visibility to the crowdfunding industry and its operating platforms. TousNosProjets.fr does this by reaching out to a wider audience for crowdfunding and by creating awareness about crowdfunding in France. The overall traffic on TousNosProjets.fr is around 20,000 visits per month.

When the platform was set up in 2014 it hosted 13 French platforms, including donation- and reward-based platforms, lending-based platforms and investment-based platforms. In September 2016 TousNosProjets.fr had 38 French crowdfunding platforms on its website that hosted a total number of 956 projects. The highest number of projects on the platform to date was in March 2016, with 1,580 projects online. The majority of the projects come from the cultural sector, even though TousNosProjets.fr does not have a specific focus on this sector. It presents projects with social, environmental, economic and cultural impact. A search engine allows users to filter

by region, type of project (cultural, social, environmental, economic), type of platform (association, enterprise) and crowdfunding model (donation, reward, lending, investment).

TousNosProjets.fr solely serves as an aggregator of French crowdfunding projects from different platforms. Visitors are redirected to the respective platform upon clicking on a project. There is no match-funding mechanism involved in the partnership that BPI France has with the crowdfunding platforms.

There is an automated process that allows them to collect statistical data on a daily basis. This data is presented on TousNosProjets.fr and shows statistics by the type of crowdfunding used on the total number of projects, the number of projects financed and the total amounts collected.

http://tousnosprojets.bpifrance.fr

Source: TousNosProjets case study

5.4 Challenges and barriers to upscaling

5.4.1 Building a sustainable business in a fragmented market

The CCS crowdfunding market in Europe is still in its infancy and small. The income that small platforms can derive from the fees that they charge on (successful) projects is modest, while the costs to manage the platform and promote activities (including setting up partnerships) are significant. Scale is important to be able to compensate for these costs. But, most CCS crowdfunding platforms in Europe lack scale and struggle to find a sustainable business model[136].

Although some CCS sectors operate in a more international context (e.g. gaming or design), most CCS activities in Europe are tied primarily to a regional, or even local, ecosystem. This is also reflected in the fragmented structure of the CCS crowdfunding platforms' landscape, where we find platforms focusing their activities on very specific (city) regions or on specific parts of the CCS (e.g. Belgian platform Sandawe that focuses only on crowdfunding for comics). On the one hand, this allows them to focus on niche markets and build up knowledge on and target activities to a specific group. On the other hand, it implies that their market potential is rather limited.

Partnerships are therefore often critical for crowdfunding platforms to survive. These partnerships bring in additional expertise, extra projects and backers, as well as allowing to diversify the income model of platforms (e.g. through the management of matchfunding schemes), as we have discussed in the previous section. The case study on the Estonian crowdfunding platforms Hooandja/Fundwise is illustrative of the challenges that CCS platforms in Europe face, and the role of partnerships. See Box 22 for a summary of the case study. We refer to the case studies report and the website for the full case study.

Box 22: Hooandja/Fundwise - Operating crowdfunding platforms in a small country

Hooandja and Fundwise are two crowdfunding platforms from Estonia, a Baltic country of 1.3 million inhabitants. Hooandja was established in 2012 as a donation/reward platform for the CCS. The same person who is the founder of Hooandja established Fundwise as an equity crowdfunding platform in 2015. Since equity crowdfunding is quite scarce in the CCS the scope of this platform is broader and directed at small businesses that want to grow and/or expand internationally.

On the Hooandja platform, €1,990,210 has been raised for 629 projects by 64,215 backers. Most projects are about CDs, movies and documentaries, books, festivals and theatre productions. On Fundwise, €551,757 has been raised by 7,403 investors for 10 companies. Most of them sell artisan products, but there is also a game production company.

Hooandja has 10 partners in three forms: funding partners, promotion partners and service partners. Fundwise has 5 partners which can be divided into network and service partners. The network partners are needed to

[136] Interviews and expert workshop

attract companies and investors. The service partners deliver specialised expertise that is needed for the legal and financial arrangements of an equity crowdfunding platform.

Crowdfunding platforms in a smaller country face specific challenges. Having a local platform helps to play into those target groups that might be helpful for a specific project. On the other hand, the scale limits of a smaller country also limit the economic sustainability of such a platform that cannot survive without funding partners.

For an equity crowdfunding platform like Fundwise, Estonia as a country cannot provide enough small and medium businesses needing equity crowdfunding. Fundwise will have to expand to other countries to grow and have a chance of becoming economically sustainable.

Source: Hooandja/Fundwise case study

5.4.2 *Setting up partnerships with public and private organisations*

From the exploratory interviews, interviews in the context of the case studies and the interactions with platform managers during the expert workshops, we found that setting up partnerships with public and private organisations is seen as an important strategy for crowdfunding platforms to support their own growth and the uptake of crowdfunding as a financing tool next to other types of finance.

At the same time, we find that setting up and managing such a (network of) partnership(s) is challenging for many platforms. According to more than half of the platforms that completed the survey, the main challenges they are faced with are partnerships with both private and governmental organisations for funding (Figure 79).

Figure 79: Main challenges of crowdfunding platforms (a) (Platforms' survey)

Response	Total	% of responses	%
Partnerships with private organisations for funding	20		54%
Partnerships with governmental organisations for funding	19		51%
Other, please specify	18		49%
Operation costs	15		41%
Member engagement	11		30%
We are not facing any challenges	1		3%

Source: IDEA Consult based on survey results

(a) *Multiple answers possible; therefore the percentages sum to more than 100%.*
(b) *Question in the survey: "If any, what are the main challenges that your organisation is faced with? Multiple answers possible."* (n=37)

The challenges of setting up and managing partnerships are also pointed out in the case studies on the matchfunding partnerships of, among others, Goteo, CrowdCulture and MyMicroInvest (see "case studies report"). The main challenges cited by interviewees are the (lengthy) negotiation processes in the run-up to a partnership, the limited resources in most platforms to invest time in partnership management and sometimes also the limited knowledge of partners about crowdfunding to evaluate the added value of investing in such (matchfunding) partnerships.

5.4.3 *Lack of information on crowdfunding*

When asking about the main barriers for platforms to upscale their business, the lack of information on crowdfunding is considered as the most important barrier (see Figure 80). Lack of high quality projects and the lack of government support complete the top 3 of barriers.

Figure 80: Barriers to upscaling crowdfunding platforms (a) (Platforms' survey)

Response	Total	% of responses	%
Lack of information on crowdfunding	16		44%
Lack of high quality projects	15		42%
Lack of support from government	14		39%
Access to finance	11		31%
Payment systems	10		28%
Regulatory aspects and different legal frameworks in other European countries	10		28%
Other, please specify	7		19%
Compliance costs	6		17%
Lack of trust in crowdfunding platforms	6		17%
No barriers	2		6%

Source: IDEA Consult based on survey results

(a) Multiple answers possible; therefore the percentages sum to more than 100%.
(b) Question in the survey: "If any, what are the main barriers to scaling up your platform? Multiple answers possible." (n=36)

This barrier is also confirmed in the CCS, Backers and Policy Makers' survey results, where we find that a lack of information and knowledge to assess the opportunities and challenges of using crowdfunding clearly hamper the uptake of crowdfunding in the CCS.

To create awareness about crowdfunding and increase the visibility, several crowdfunding platforms across Europe have started to take "offline" promotion initiatives. Some of these initiatives are temporary campaigns, such as the "Crowdfunding Tours" by Italian telecom group TIM in Italy (see Box 24). Other initiatives have a more long term character, such as the recent opening of the 'brick-and-mortar' shop by French crowdfunding platform KissKissBankBank in Paris (see Box 24).

Box 23: TIM Crowdfunding Tours to stimulate the uptake of crowdfunding in Italy

TIM has organised three "Crowdfunding Tours" across Italy to present crowdfunding in general and the WYWD platform. In these workshops, the following topics were presented:

- crowdfunding in general (how it works, when to use it and why to use it);
- the position of crowdfunding in the social sphere and the possibilities of crowdfunding for non-profit companies, exploring how digital crowdfunding can become a complementary solution to traditional ways of fundraising;
- tips and tricks on how to create an effective crowdfunding campaign, including the definition of a crowdfunding target, the creation of a video presentation, the choice of a reward and the technique(s) to communicate about and promote a crowdfunding project. This part of the workshop also includes an analysis of the history of successful and non-successful cases, with an overview of the most common errors; and
- the WithYouWeDo crowdfunding platform, with a presentation of the advantages and incentives put in place by TIM for potential project holders.

In total, the Crowdfunding Tours have visited 20 Italian cities and were able to attract more than 1,500 participants.

Source: TIM/WithYouWeDo case study

Box 24: La Maison du Crowdfunding – the first brick-and-mortar crowdfunding store worldwide

In November 2016, KissKissBankBank & Co, the French brand which operates three crowdfunding platforms (KissKissBankBank, hellomerci and Lendopolis), opened "la Maison du Crowdfunding", the first brick-and-mortar crowdfunding store worldwide. The store is part of the brand's strategy to reach customers beyond the early adopters who made it a success so far.

Located in the busy center of Paris' 10th arrondissement, the shop is open to walk-in customers, project owners and crowdfunding contributors alike.

The walls of the shop display a wealth of information about crowdfunding: what it is, how it works and what it has already achieved in France and worldwide. All this information, including the key market statistics and performance indicators, is presented in an easy-to-understand format, including video testimonials and 3D representations of statistics cut in wood blocks.

According to Vincent Ricordeau, KissKissBankBank's co-founder and CEO, the aim is "that anybody who walks into the Maison du Crowdfunding comes out of it with a full understanding of what crowdfunding is about. We want to welcome project owners and the general public, to show them "in the flesh" what crowdfunding can bring."

Source: http://www.crowdfundinsider.com/2016/11/92647-kisskissbankbank-gives-crowdfunding-first-bricks-mortar-home-heart-paris/

6/ Crowdfunding as a policy tool to support access to finance in CCS

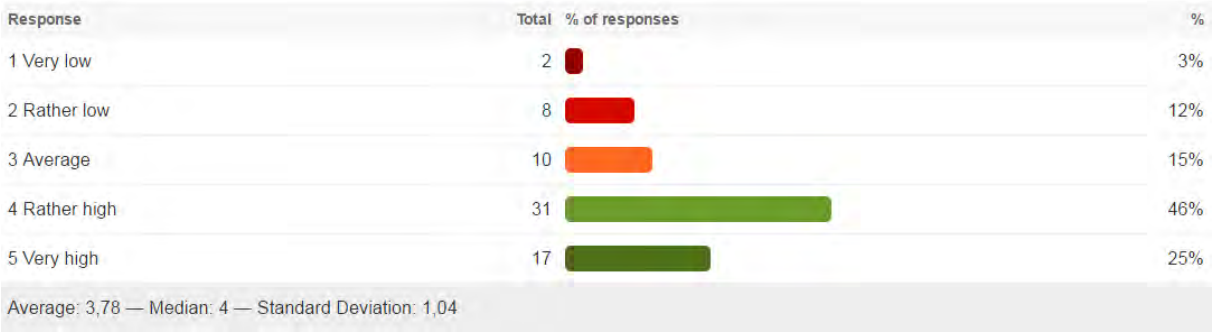
6.1 Public policy maker views on the potential of crowdfunding to improve access to finance for CCS

Lowering the barriers for cultural and creative actors to access finance has been on the agenda of policy makers already for several years. In 2010, the European Commission's Green Paper "Unlocking the potential of cultural and creative industries" highlighted 'better access to finance' as one of the areas that would be critical to unlocking the potential of cultural and creative industries.

Since then, policy makers at different levels have taken initiatives to facilitate access to finance for cultural and creative actors and also at EU-level, an OMC group in 2016 published a report[137] on access to finance for CCS, where policy makers and experts - among other topics - also examined crowdfunding and included good practice examples. One of the recommendations was to test and implement new and innovative financing schemes and to put in place new financial instruments such as crowdfunding.

The present study conducted a survey with policy makers on their policy initiatives with respect to access to finance for CCS and crowdfunding. For the majority of respondents to the survey, facilitating access to finance for the CCS is ('rather' to 'very') high on the policy agenda in their region (see Figure 81).

Figure 81: Importance of facilitating access to finance for CCS on the policy agenda (a) (Policy Makers' Survey)



Response	Total	% of responses	%
1 Very low	2		3%
2 Rather low	8		12%
3 Average	10		15%
4 Rather high	31		46%
5 Very high	17		25%

Average: 3,78 — Median: 4 — Standard Deviation: 1,04

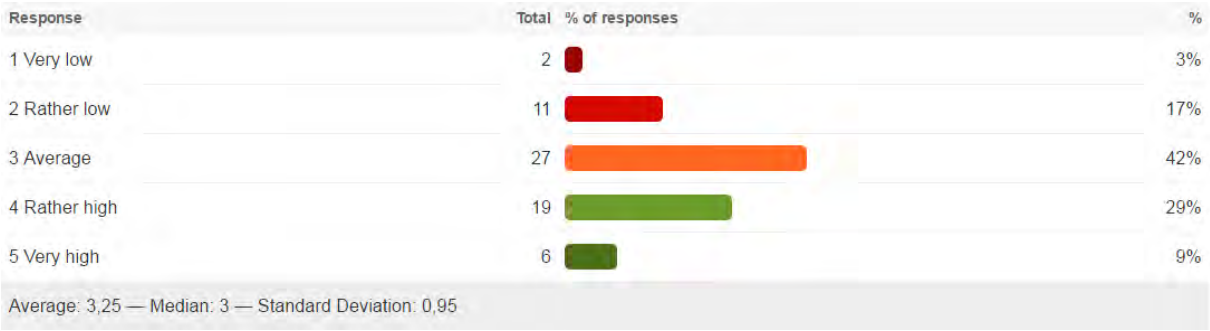
Source: IDEA Consult based on survey results

(a) *Question in the survey: "How would you rate the importance of facilitating access to finance for the Cultural and Creative Sectors on the policy agenda in the region that you represent?"* (n=68)

However, the view of policy makers on the potential of crowdfunding for broadening financial support to the CCS is more mixed (see Figure 82). Whereas 38% of respondents consider its potential to be 'rather' to 'very high', 42% estimate its potential 'average', and 20% of the respondents consider its potential to be 'very' to 'rather low'.

[137] "Towards more efficient financial ecosystems: Innovative instruments to facilitate access to finance for the cultural and creative sectors (CCS) : good practice report", European Commission 2016, http://bookshop.europa.eu/en/towards-more-efficient-financial-ecosystems-pbNC0416091/

Figure 82: Potential of crowdfunding for broadening financial support to the CCS (a) (Policy Makers' Survey)



Response	Total	% of responses	%
1 Very low	2		3%
2 Rather low	11		17%
3 Average	27		42%
4 Rather high	19		29%
5 Very high	6		9%
Average: 3,25 — Median: 3 — Standard Deviation: 0,95			

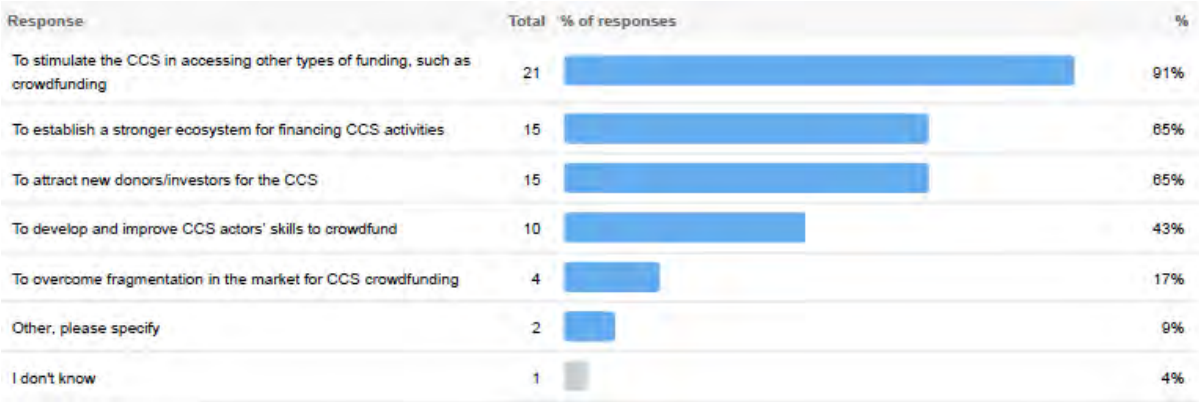
Source: IDEA Consult based on survey results

(a) *Question in the survey: "How would you rate the potential of crowdfunding for broadening the financial support to the Cultural and Creative Sectors in the region that you represent?"* (n=65)

Nevertheless, 41% of the survey respondents did indicate that their public authority has taken policy initiatives[138] (or plans to do so in the next two years) to support crowdfunding for the benefit of the CCS.

The main policy motivations to support crowdfunding for the CCS are to stimulate the CCS in accessing other types of funding (for 91% of respondents), to establish a stronger ecosystem for financing CCS activities and to attract new donors/investors for the CCS (Figure 83).

Figure 83: Main policy motivations to support crowdfunding for CCS (a) (b)



Response	Total	% of responses	%
To stimulate the CCS in accessing other types of funding, such as crowdfunding	21		91%
To establish a stronger ecosystem for financing CCS activities	15		65%
To attract new donors/investors for the CCS	15		65%
To develop and improve CCS actors' skills to crowdfund	10		43%
To overcome fragmentation in the market for CCS crowdfunding	4		17%
Other, please specify	2		9%
I don't know	1		4%

Source: IDEA Consult based on survey results

(a) *Multiple answers possible; therefore the percentages sum to more than 100%.*
(b) *Question in the survey: "What is/are the main policy motivation(s) to support Cultural and Creative Sectors (CCS)? Multiple answers possible."* (n=23)

Those public authorities that have not (yet) taken any policy initiatives to support crowdfunding in the CCS, highlight that the reasons for this are the fact that CCS are mainly funded through public funds in their region, that public authorities lack crowdfunding know-how and that crowdfunding for CCS is not yet sufficiently established in their country.

[138] Examples of such policy initiatives are regulation, fiscal incentives, funding a crowdfunding platform, funding research on crowdfunding, awareness campaign, setting up a matchfunding scheme, etc.

6.2 Policy initiatives to support crowdfunding for the CCS

Looking at the different policy options that policy makers consider to develop crowdfunding for the benefit of the CCS, the initiatives that have been implemented most by survey respondents so far, are:

- adapting/improving crowdfunding regulation;
- public awareness raising on crowdfunding for the CCS via events, specific campaigns, etc.

For the next two years, public awareness raising appears to remain a popular policy initiative. Given that 'lack of information on crowdfunding' is highlighted as a main barrier for the uptake of crowdfunding and the up-scaling of platforms, awareness raising on crowdfunding (opportunities and challenges/risks) remains very relevant.

Next to awareness raising, especially in the following areas, initiatives from policy makers are to be expected:

- adapt grant/subsidies criteria to include incentives to attract additional finance through, amongst others, crowdfunding; and
- facilitate interaction between different financial providers (platforms, investors, banks, etc.) for the CCS with crowdfunding stakeholders via forums, matchmaking events, etc.

On the other hand, the use of fiscal incentives to support crowdfunding for CCS has hardly been explored by policy makers, just as the set-up of matchfunding schemes where public funding is matched with online crowdfunding. Contrary to fiscal incentives, however, matchfunding schemes do seem to gain popularity over time (see also section 5.3). Matchfunding is attracting increasing amounts of interest from public and private institutions. We further elaborate on these matchfunding options in the next paragraph.

Figure 84: Policy initiatives related to crowdfunding for the benefit of the CCS

Source: IDEA Consult based on survey results

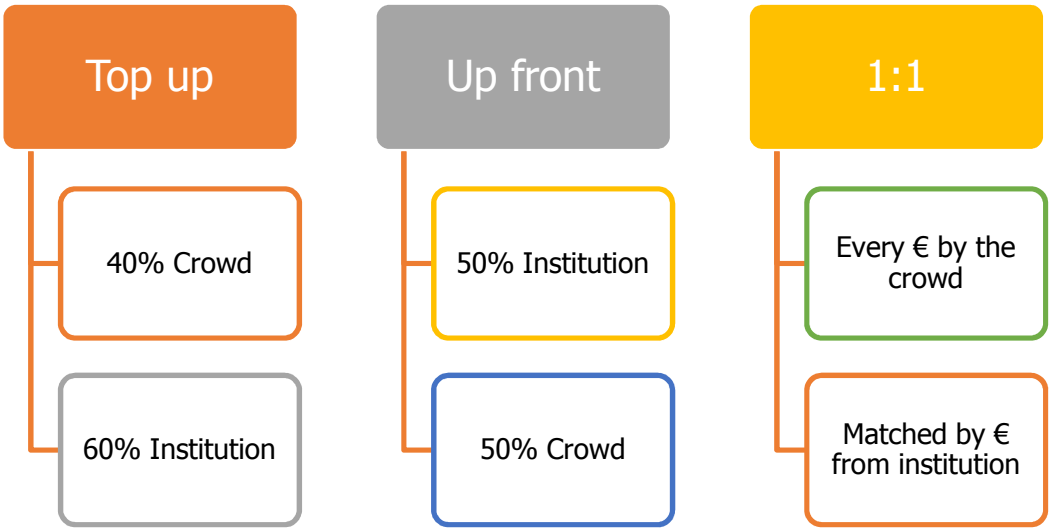
(a) *Question in the survey: "Please indicate which of the following policy initiatives related to crowdfunding for the benefit of the CCS have already been implemented, are planned to be implemented in the next two years or have not been implemented"* (n=23)

6.3 Matchfunding options for public policy

Partly pushed by the economic crisis' pressure on budgets for culture, and partly by the need to innovate, many culture policy makers in Europe are exploring the potential of leveraging public funding through matchfunding, where institutional funding is matched with crowdfunding on an online platform. Not only does crowdfunding provide an additional source of finance, it also brings more transparency to how public budgets are distributed.

Different possible schemes for matchfunding can apply (see Figure 85).

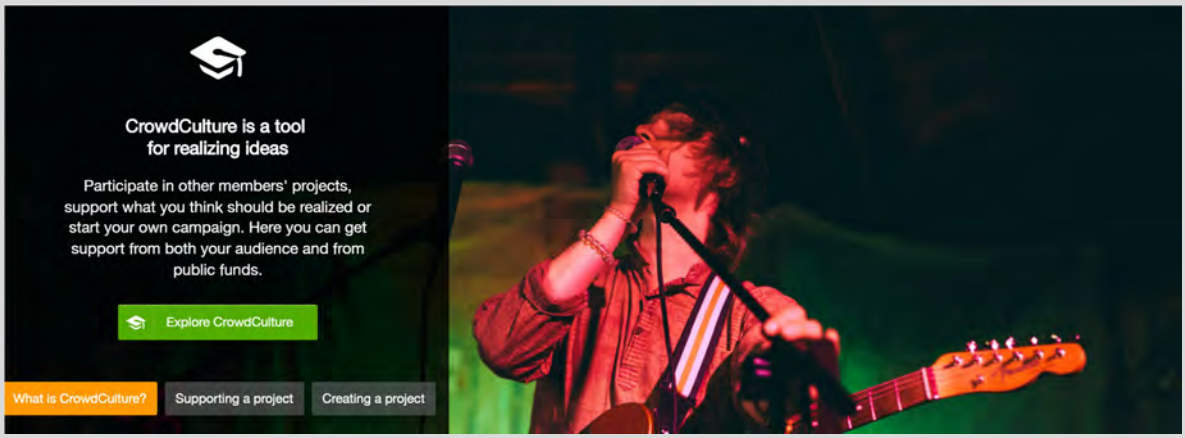
Figure 85: Matchfunding models



According to NESTA[139], the most popular model for matchfunding design to date has been the 'top up' model, where the institutional funder releases the remaining funding (in the form of a grant or loan) once the project hits its crowdfunding target. For example, an institutional organisation might offer to top up the remaining 40% of a project if it can raise the first 60% via a crowdfunding campaign. Other matchfunding models include the 'up front' model where the institution provides the upfront investment which the crowd then matches and the '1:1 model' where for every €1 donated/invested by the crowd the institutional funder will top up with an equivalent (or smaller/larger sum) until the funding target is met. The amounts added by the institutions are usually caped to an amount agreed before the start of the campaign.

But as the case study on the Swedish crowdfunding platform CrowdCulture shows, the types of matchfunding schemes that can be set up are numerous (see Box 25).

Box 25: The model of CrowdCulture



CrowdCulture in Sweden is a matching platform with an ambition to modernise cultural funding. The reward-based platform specialises in cultural projects and operates with public partners co-financing the funds raised by the crowd. It cooperates on the basis of renewable annual contracts with local and regional authorities. The

[139] http://www.nesta.org.uk/blog/matched-crowdfunding-new-ways-people-and-institutions-collaborate-funding-projects

public partners make public funds available for the matchfunding. The matching process relies on the number of backers and not on the amount raised by the crowd.

Public partners cooperating with CrowdCulture report that this engagement with a crowdfunding platform enhanced their image as modern and innovative regions. Furthermore, the distribution of their public funds gained transparency.

CrowdCulture has a strong cultural policy dimension as it implies changing the mechanisms of distributing public funds available for culture. In this model, financing of culture depends on the awareness raised among the public (crowd) which will determine the amount received from public budget. Such a paradigm shift requires a broad discussion on cultural financing, and the inherent roles of the public and the private sector.

http://www.crowdculture.se/

Source: CrowdCulture case study

Other matchfunding initiatives with crowdfunding platforms and institutional funders such as foundations and government bodies can also be found for example in the Netherlands[140] (see

Box 19 on Voordekunst) and Spain (see case study on Goteo).

The matchfunding process

Public authorities are often not sufficiently aware of crowdfunding or of matchfunding opportunities. Our research and expert interviews show that it is usually the crowdfunding platform that takes the initiative to reach out to different local, regional and national officers with a personalised cost-benefit analysis of matchfunding. Given the novelty of the subject, negotiations with public authorities can take up to two years, mainly due to administrative silos. In the agreement process the platform and authorities discuss the following:

- strategic topic of public interest to launch the campaigns (culture, innovation, start-ups) which defines the selection criteria for projects that are eligible for potential matchfunding;
- amounts that public institutions can allocate to matchfund (usually with agreed capped amounts per campaign);
- type of matchfunding model (see Figure 85);
- services to be provided by the platforms (training, workshops, event, campaign support) and related fee; and
- date of launch.

Once the public authority and platform agree to partner, an open call is launched asking the crowd to send in potential campaign ideas in an area/sector of interest to the public authority (clearly defined in the selection criteria for participation). Out of all applications the public authorities can select the most relevant projects, which can in turn launch their campaigns and benefit from matchfunding. All campaigns are launched simultaneously to allow fair competition among project owners. In that respect, public authorities should also keep in mind that the size of an organisation most probably positively correlates with the size of the organisation's social network, thus positively discriminating larger organisations. This should be kept in mind when defining the selection criteria for participation.

[140] Platform Voordekunst, focused only on cultural and creative projects, has partnerships with Amsterdams Fonds voor de Kunst, Kunstraad Groningen, Fonds 1818, VSBfonds, Provincie Overijssel, Provincie Noord-Holland, Provincie Gelderland, Keunstwurk Fryslân, ABN AMRO, Provincie Limburg, Mondriaan Fonds en Bankgiro Loterij Fonds. See more here: http://www.cultuurfonds.nl/nieuws/nieuwsberichten/samenwerking-cultuurfonds-en-voordekunst

Should the goal amount not be reached by the project holder, then the money returns to the backers as well as to the public authorities. For a more detailed process of matchfunding please see the case study on Goteo and Gipuzkoa region[141].

Apart from matching the donations of the crowd via matchfunding, public authorities can also act as intermediaries between creative campaign holders and private foundations (see Box 24).

Box 26: Matchfunding pilot from UK's Department for Culture, Media and Sport

The matched crowdfunding for the arts and heritage sector project in the UK provides grants to 'top up' finance generated by projects through crowdfunding. Using the Crowdfunder platform, the project has made available €300,000 to support the sector for small businesses who need additional funding above the level they can normally hope to generate through crowdfunding.

The project context started with a UK Government cultural white paper which set out public sector support for the cultural sector. The paper recognised a number of challenges, a key one being the lack of funding to support the development and growth of the sector - particularly from the public sector.

A pilot project linked to crowdfunding has been launched, in particular focusing on the use of matchfunding by the public sector to maximise opportunities from crowdfunding. NESTA was commissioned by various public sector agencies to develop and run the pilot, with the main aim of testing different matchfunding models. The project ran for a year and has been extended into a second phase.

Source: The matched crowdfunding for the arts and heritage sector show case

Benefits of matching public funds with the crowd

Through matchfunding public authorities can work with the crowd to determine which projects are worth funding. This in turn brings transparency over budget allocation as well as makes the selection process more democratic by opening it to the crowd. This method is very different from the traditional grant giving, where funding decisions are taken by only a select number of individuals. By backing a crowdfunding campaign which has been selected for public matchfunding, local communities also become more engaged with the production process of cultural content.

Public engagement with crowdfunding, beyond matchfunding

An alternative policy initiative to support crowdfunding for CCS can also be the set-up of a publicly-funded crowdfunding platform for the benefit of CCS actors. However, setting up and managing such a crowdfunding platform goes together with significant development costs for public authorities. In several cities in Germany, public agencies have therefore established partnerships with crowdfunding platform StartNext to set up and manage a local platform. For example, in the city of Hamburg, Hamburg Kreativ Gesellschaft and StartNext have joined forces to set up the platform Nordstarter (see Box 27).

[141] https://crowdfunding4culture.eu/goteo-building-stronger-communities-through-cloudfunding

Box 27: The partnership of Hamburg Kreativ Gesellschaft and StartNext: Nordstarter

Nordstarter was created with the aim of opening up additional financing for the Hamburg Cultural and Creative Sectors. When it was set up at the end of 2011, it was a crowdfunding pioneer. The Hamburg public agency for creative stakeholders and enterprises - Hamburg Kreativ Gesellschaft (HKG) - and the crowdfunding platform StartNext co-created Nordstarter. This interaction between both parties has resulted into the success that Nordstarter is today.

The most important impact of Nordstarter is that it has institutionalised crowdfunding as part of the financing ecosystem of cultural and creative actors in Hamburg. Both the credibility of HKG and sound reputation of StartNext have enabled Nordstarter to convince Hamburg creatives, and backers across Germany, to use crowdfunding: in total, €2,327,073 has been raised on Nordstarter from its launch in November 2011 until December 2016. 454 crowdfunding projects have been posted on Nordstarter, with an average success rate of 58%. This high success rate can at least be partly attributed to the coaching and support that HKG and StartNext offer to creatives to introduce them to crowdfunding, and to help them setting up and running a successful crowdfunding campaign. HKG offers support, amongst others, in the form of monthly workshops on Crowdfunding, the so-called "Crowdfunding Clubs". These Crowdfunding Clubs give HKG the possibility to connect personally with potential future project holders on Nordstarter: HKG stresses the importance of this personal connection it builds up with project holders, and the resulting tailored service it can offer, as a key success factor of Nordstarter.

The pioneering partnership between HKG and StartNext has inspired other German cities to follow in their footsteps. The German cities of Dresden, Bremen, Berlin and Kassel have all set up partnerships with StartNext to open up crowdfunding to (specific target groups within) their cities.

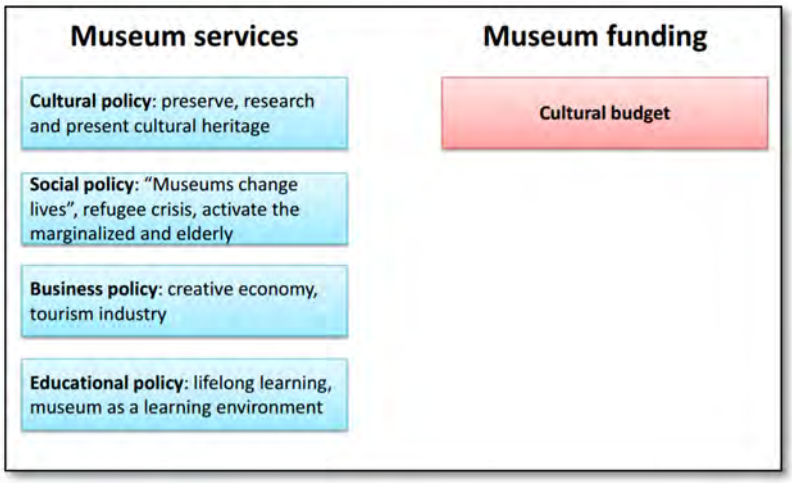
Source: Nordstarter case study

6.4 New opportunities for public cultural institutions through crowdfunding

A considerable number of cultural and creative entities are also publicly-owned and fully or partially funded by the public sector, in particular museums, opera houses, cultural institutions, etc. In particular the audience development and participatory aspect of crowdfunding is increasingly becoming a useful tool for them.

However, also publicly-owned CCS entities are confronted with government budgets under pressure and the structural funding is often insufficient to cover the operating costs related to the day-to-day operations, (public) tasks of the institution, let alone specific projects that go beyond the recurrent activities.

While public support remains static in best cases, cultural organisations face rising costs, be that from a maintenance and wages perspective, but also from new requests put on their table. Today, cultural organisations are often expected to fulfil tasks far beyond their core cultural mission with demands to have a social impact, educational outreach and economic footprint.



Source: Kimmo Levä's presentation at NEMO conference, November 2016

Budgets are affected once the role of public organisations goes beyond the "cultural", and their original purpose of cultural research, preservation and exhibition becomes only one of the numerous roles cultural institutions must play.

Especially in heritage, publicly-owned institutions often have a unique mix of assets to use in crowdfunding campaigns: a strong story, an emotional connection with their audience and a sense of urgency to buy or restore a specific piece of heritage that is worth safeguarding for society at large. Numerous successful campaigns set up by museums across Europe illustrate the potential of crowdfunding in this context.

If we only look at the Louvre for example, which since 2010 has raised more than €4 million from 20,000 donors, we see multiple campaigns, be that in restoration or acquisition of new works. In 2013, the French museum raised €1 million of the €4 million needed to restore 'Winged Victory' through crowdfunding. Box 28 provides another example of how the Vatican makes use of crowdfunding.

Box 28: Patrum: the Vatican crowdfunding app.

In 2015 the Vatican Museum launched Patrum, a mobile app that allows visitors during their visit to the Vatican Museums to directly donate to items in need of restoration. In return for donations, the app patrons can connect with fellow art lovers, build connections with other donors in a digital environment, access personalised tours and connect directly with curators and restorers.

Also here, the benefits of using crowdfunding clearly stretch beyond the extra funding, as illustrated by the recent experience of the province of Limburg with crowdfunding in their heritage institute Cuypershuis (Box 29).

Box 29: How crowdfunding learns museums to rethink their relationship with visitors

In December 2016 museum 'Cuypershuis' in the Province of Limburg (Belgium) ran a crowdfunding campaign on voordekunst.nl to collect €10,000 for the restoration of around 800 glass negatives from the studio of local architect and designer Pierre Cuypers. The campaign was a great success. Backers donated a total of €18,000 during the campaign, making the Cuypershuis the first museum (and heritage institute) in the province of Limburg to successfully use crowdfunding.

But according to Sandra Welters, museum counselor of the province of Limburg, raising the money was nice but the side-effects of the crowdfunding campaign were even more rewarding. "Thanks to the crowdfunding campaign we have learned to think from the outside to the inside: 'why would other people find this collection important?' You only manage to find an answer to this question when you have a good understanding of the people that visit your museum. And so we decided to actively involve them already in the preparation of the crowdfunding campaign, by sharing the campaign text with visitors and asking their feedback: 'what appeals to you in the message; what doesn't?' We were also surprised by the numerous offers for free support that we received. One company made a free video, a photographer offered a free photoshoot, to name only a few. Our enthusiasm really led to unexpected support. But you do need to get out of your museum and connect to the outside world!"

After this first successful crowdfunding campaign, the province of Limburg is already planning two more crowdfunding campaigns for the near future.

Source: http://www.museumpeil.eu/waardevolle-neveneffecten-crowdfunding/

Publicly-owned institutions, however, still lag behind their private counterparts in integrating crowdfunding into their organisation, for both financial benefits and benefits related to audience development and crowd engagement.

Due to organisational inertia and rigid structures, these institutions are often not flexible and innovation-embracing enough to engage in crowdfunding campaigns.

Even though it may seem odd to some museum visitors f.ex. to see their public institution engaged in private financing, it can be explained by the enourmous financing needs in the heritage sector and public funding which does not suffice to cover all these needs. Crowdfunding provides opportunities also in this sector that is largely publicly funded. Whereas crowdfunding can certainly not replace the structural costs of a public institution such as for wages or building maintenance, it can certainly be used to finance additional projects which would otherwise not have happened. In addition, promoting the uptake of crowdfunding by such institutions might also serve as a market signal and good practice to the rest of the CCS about the potential of crowdfunding.

7/ Information asymmetries and fragmentation hampering the uptake of crowdfunding

From the literature review and the analysis of the survey results and case studies, it is clear that both systemic information asymmetries and other types of fragmentation impact the development of CCS crowdfunding in Europe. To further analyse the current obstacles to the structuration of a CCS crowdfunding market in Europe, as well as to test possible options of action to overcome fragmentation, we supplemented the exploratory expert interviews with 16 semi-structured interviews with "Gate Keepers"[142], followed by a workshop with a panel of 15 international experts in October 2016 in Brussels. We refer to Annex 2/ for a description of the interview topics, list of interviewees and participants to the workshop.

7.1 Systemic information asymmetries leading to lack of trust

One of the key barriers for the uptake of crowdfunding lies in the relation between the crowd, platforms and project holders, in combination with information asymmetries that exist between policy makers and platforms, as well as between platforms and other providers of finance for the CCS.

Information asymmetries were pointed at during the interviews which can translate into a lack of trust of the crowd towards either the payment system(s) or the project holders themselves, or towards crowdfunding as a sustainable financing tool in general. This is also confirmed in the results of the different surveys. Crowdfunding is still in its infancy from that point of view. The lack of trust primarily relates to the main **problems of "knowledge" in the form of awareness, information, and capacities**.

According to the interviewees, **raising awareness on the characteristics and potential of crowdfunding** among the different communities, including creative professionals, cultural organisations, backers and public and private funding actors, is **critical to lower current barriers to access crowdfunding**. Information and transparency on methods, models, costs, etc. are in that respect key to foster the use of crowdfunding in the CCS, but also to foster the trust from the crowd toward crowdfunding platforms.

But, if awareness creation appears to be important to lower barriers of access, **lack of capacities (skills) seems to be the most prominent barrier for a successful use of crowdfunding in the CCS**, according to almost all interviewees. Following the interviews, supporting capacity building for project holders, but also for the crowd and policy makers, are therefore to be put at the top of the priority list[143].

The lack of capacities with project holders particularly concerns the issue of the lack of entrepreneurial (including management and communication) skills and culture, but also a lack of digital skills to set up a digital campaign. The current gap in competences can lead to failures of both small and large projects, resulting in negative perception about crowdfunding. A crowdfunding campaign requires proper organisation and dedication, as well as knowledge on how to make an appropriate video, photography, or organise a communication process with a marketing objective and appropriate time. One of the key aspects lies in the remaining gap between the project holders and the community they intend to reach.

Interviewees and workshop participants specified that the information regarding crowdfunding most likely helpful to CCS actors, backers and policy makers to raise awareness and increase trust would mainly touch upon capacity building in the form of training (explain crowdfunding, how it works, what key success factors are, etc.) and/or the diffusion of interesting case studies.

During the interviews and workshop, we also discussed the potential role of a uniform quality label to increase trust. However, opinions about the usefulness (also in relation to the administrative burden attached to such a quality label) of such a system to install more trust were divided. After discussion with the interviewees and workshop participants, in November-December 2016, we organised an online consultation on DISCUTO where we

[142] "Gate Keepers" are regarded as individuals belonging to organisations with a central position in a given system (professional federation from a given sector, cluster of a given region, etc.) with a broad view on a particular theme.

[143] According to one of the interviewees, one aspect to bear in mind is that the issue of skills is most likely not confined to the CCS only, but most likely concern all sectors in which start-ups are being founded by people with little, or no, management experience.

invited the broader CCS crowdfunding community to further discuss and validate/amend/reject scenarios related to measures to secure quality and transparent behaviour. The online stakeholder discussion resulted in a rejection by the stakeholders of the following potential actions:

- the European Commission should instore a code of conduct to regulate the crowdfunding industry in order to increase trust in CCS crowdfunding; and
- a European quality label for CCS project holders would be beneficial to increase the trust of donors/investors in them.

On the other hand, sharing experiences across the CCS community, as well as awareness creation about the risks and costs of engaging in CCS crowdfunding campaigns, were evaluated as being very useful to increase trust.

7.2 Fragmentation between countries and communities

Next to the above mentioned information asymmetries hampering the uptake of crowdfunding, the interviewees and workshop participants also referred to the utmost importance of overcoming the current fragmentation and lack of transparency of the European CCS crowdfunding market in order for it to reach a level playing field.

Language, payment systems, restrictions to national bank account holders, but also the local nature of many CCS activities and CCS ecosystems are barriers for crowdfunding platforms that want to scale up in other European countries and for CCS actors who want to reach out to various audiences. One interviewee even pointed to the fact that even platforms across Europe usually do not know each other from one country to another. Not only does fragmentation touch communities and countries, it also touches the Eastern/Western European divide: "*Further East you go, less activities you have*" explains one interviewee, who also highlights that until very recently the only platforms active in Eastern European countries were the two largest international players.

Besides the importance of supporting international demand for CCS crowdfunding that can virtually contribute to an increase of the success of CCS crowdfunding campaigns, there is a clear lack of harmonisation of national systems. The harmonisation of tax regimes came back in several interviews. Donations and pre-orders seem here to be a key example of how blurry the framework can be for project holders. Some interviewees did point out that the lack of harmonisation particularly affects lending and investment (equity) crowdfunding (more than donation- or reward-based forms of crowdfunding).

But, more than having the same tax regimes or payment systems, all interviewees referring to this issue made clear that the procedures themselves should be transparent and more readable to the wider public. Lack of transparency on these issues further fuels the lack of trust in crowdfunding.

7.3 Fragmentation in the CCS financing landscape

From the Crowdsurfer data analysis we find that reward-based crowdfunding is currently by far the most dominant form of crowdfunding used in the CCS. Moreover, the amounts raised by successful reward-based crowdfunding campaigns in 2016 averages only around €6,200 per project. This, combined with the fact that setting up and running a crowdfunding campaign requires some skills and efforts from the project holder, leaves many CCS stakeholders to wonder about the sustainability of crowdfunding for the benefit of the CCS.

In that respect, interviewees and workshop participants stressed that the merits of crowdfunding should not be judged in isolation from the broader strategic and financial management of CCS activities and organisations. "*Crowdfunding is sustainable once it becomes part of the different financial mix or funding schemes*", explains one of the interviewees. Although a common fear in the CCS was to see public support cut because of the rise of crowdfunding, over the past four years this medium for CCS financing made its way. It is, however, to be combined with other sources of funding to come to any financially sustainable CCS organisation in the longer run. The majority of interviewees agree that crowdfunding is perfectly fit for matching other financing streams. Crowdfunding can provide market demand signals, but also be the first step to access larger amounts of funding from more classical entities (such as banks).

But, from the analysis and interactions with the interviewees and workshop participants, we find that crowdfunding is currently only at the start of becoming an integral part of the financing mix for CCS actors. The obstacles hindering the integration can be found both on the demand and supply side:

- in the CCS, government funding is a crucial part of the financing mix for many actors. Therefore, any successful integration of crowdfunding in the financing landscape for the CCS should allow the combination of both types rather than that crowdfunding would be positioned as a substitute for government funding. However, a lack of knowledge with CCS actors and policy makers about the potential and limits of crowdfunding currently leads to a lack of strong signals from governments and policy measures to leverage crowdfunding with public funding; and
- donation- and reward-based crowdfunding – the most dominant types of crowdfunding used in the CCS – are very much project-based rather than organisation-based. If crowdfunding wants to further evolve to become an integral part of the CCS financing mix, it has to link project-related finance to longer term organisation-related finance (often through lending or equity finance). However, the use of crowd-lending and crowd-equity in the CCS are very scarce. According to the platforms, this is primarily due to a lack of 'financial literacy' of CCS actors and thus a lack of qualitative business ideas and business plans. This also results in fewer platforms that specialise in supporting the upscaling of CCS organisations through crowd-lending and equity. According to the interviewees and workshop participants, the links between (reward-based) crowdfunding platforms and other types of financiers involved in organisational finance, is also weak, thus limiting the opportunities for CCS actors to grow from project-related finance to more structural organisation-related finance[144] . The initiative of the founder of Hooandja – the Estonian reward-based crowdfunding platform for CCS – to also set up an equity platform in a later stage to support the further growth of CCS organisations, is very interesting in that context. We refer to the case study of Hooandja/Fundwise for further information.

7.4 A European platform to overcome fragmentation?

One of the scenarios to test feasibility in this study was to set up a "European umbrella platform" to overcome the current fragmentation.

The setting up of an aggregating structure was mentioned very regularly by interviewees and workshop participants (triggered by the interview guidelines), usually oriented towards the centralisation of information in view of capacity building. In that sense, the possibility of a European platform was not rejected, as long as its role would mainly be focused on information centralisation and sharing, as well as capacity building among CCS project holders and the crowd. The primary role of the aggregator platform could be to set up information on the platforms (models, costs, etc.), market developments, useful tools, etc. Other interviewees see the role of a possible European platform focused on information sharing, harmonising data between platforms when possible, but also communicating on regulatory issues, practices, etc. The information that could be found could also acknowledge or provide "*funding opportunities, tax returns, tools to send invoices*" as the lack of harmonisation between national systems is one of the first barriers of a regulatory nature to hamper CCS Crowdfunding.

Interviewees' opinions diverged when thinking about the role of such an aggregator beyond the 'inventory' type of information. One interviewee suggested that "*Rather than a directory of information, there should be something more analytical and critical with the market*", while other interviewees rather focused on the formally called "inventory" nature of the platform. Another element referred to during the interviews was the possibility to offer the crowd and project holders a repository from where the right experts can be identified and contacted.

One interviewee shared his/her experience with attempting to set up a European crowdfunding platform, reasons why it was not feasible, and why it resulted only in a website aggregating campaigns at the country level. The identified added value of an aggregating platform of CCS campaigns across all crowdfunding models were identified as follows:

- matchmaking of investors from all local platforms;
- stimulation of cross-border investment and activity;
- help platforms broaden their outreach and upscale; and
- foster co-operation between platforms by having them collaborate on awareness raising and foster growth of potential demand.

[144] F.ex. the initiative of the founder of Hoaandja – the Estonian reward-based crowdfunding platform for CCS – to also set up an equity platform at a later stage to support further growth of CCS organisations - see case study attached to this report.

After discussion with the interviewees and workshop participants, we invited the broader CCS crowdfunding community to further discuss and validate/amend/reject different scenarios for a "European umbrella platform" during the DISCUTO consultation in November-December 2016. This resulted in a validation of the usefulness to have a European information hub on crowdfunding for CCS. It also resulted in the rejection by the stakeholders of the following scenarios to overcome the current fragmentation:

- a website where crowdfunding experts and investors can be matched with CCS crowdfunding project holders (through an online dating system for instance);
- an information website where investors could identify more CCS projects from crowdfunding platforms across Europe (cfr. the TousNosProjets aggregator platform in France, see Box 21);
- a platform aggregating all CCS equity and lending crowdfunding campaigns from all over Europe to become a single point of entry for investors; and
- an EU-wide crowdfunding platform aggregating all CCS campaigns from all over Europe.

Conclusions and Recommendations for policy action

8/ Conclusions

8.1 CCS Crowdfunding is still in an early stage of adoption

From the market analysis we find that in the Cultural and Creative Sectors in Europe, around €247 million has been raised by the crowd between January 2013 and October 2016. The crowdfunding platforms landscape has evolved rapidly since 2013, with many (small) platforms popping up across Europe alongside the strong US-based global platform Kickstarter to host European CCS crowdfunding projects. At the same time, we observe interesting partnerships being set up between platforms and public and private partners to match crowdfunding with other types of funding, or to support the professionalisation of the use of crowdfunding by CCS actors.

But, although crowdfunding is slowly establishing itself as an alternative financing stream in the European CCS, its adoption is still rather modest, and even minimal in a number of European countries.

With €3.4 billion being pledged between January 2013 and October 2016, the appetite to raise money through crowdfunding appears to be high. But only 7% of this amount has been raised successfully. Also, peer-to-peer lending – the most dominant model of crowdfunding used in other sectors – is still only marginally used in the CCS. Moreover, the success rate is very low, indicating that backers' trust in lending money to CCS actors through crowdfunding is still low.

If we were to evaluate crowdfunding according to Rogers' framework on 'diffusion of innovation'[145] (2003), we can say that the adoption of crowdfunding in the CCS is still in an early stage.

According to Rogers, potential adopters of an innovation such as crowdfunding evaluate that innovation on different elements before they decide whether or not to adopt that innovation:

- its relative advantage (the perceived efficiencies gained by the innovation relative to current tools or procedures);
- its compatibility with the pre-existing system;
- its complexity or difficulty to learn;
- its trialability or testability;
- its potential for reinvention (using the tool for initially unintended purposes); and
- its observed effects.

From the market analysis, we find that for several of these elements, crowdfunding provides opportunities that support the further uptake. But, at the same time, there are also clear barriers that currently hinder the further adoption of crowdfunding in the CCS:

- crowdfunding does provide an extra source of finance for cultural and creative actors that are in need of finance, and thus a potential advantage. But it is not easy money to access. In donation- and reward-based crowdfunding campaigns (that represent 97% of all CCS crowdfunding campaigns) the average amounts being raised are limited, especially when compared to the efforts. Crowd-lending campaigns - although the average amounts raised are higher - suffer from very low success rates (only 19%). This makes the evaluation of the relative advantage of crowdfunding as a financing tool unclear;

[145] Rogers, E. (2003) (first edition: 1962), The diffusion of innovation. He distinguishes the following groups of adopters: innovators, early adopters, early majority, late majority, and laggards. The criterion for the adopter categorisation is innovativeness, defined as the degree to which an individual adopts a new idea.

- looking at the compatibility with the pre-existing system to finance CCS activities, especially the compatibility of crowdfunding with public funding appears to be a pre-condition for the further adoption of crowdfunding. Fears about the potential cuts in public budgets (for both competitive grants and structural funding) due to a successful uptake of crowdfunding, hinder the further uptake. A group of public authorities across Europe (innovators) have started to experiment with matchfunding schemes. However, despite numerous examples listed in the study, their relative use in the CCS is still very limited[146].
- uncertainties about, for example, the fiscal treatment of donations received through crowdfunding compared to the fiscal treatment of the traditional philanthropic giving to culture or about the fiscal treatment of giving rewards (is it actually a pre-sales transaction?), adds to the hesitance to adopt crowdfunding;
- running a crowdfunding campaign requires a specific set of skills that is very different from the skills needed for writing a grant application or negotiating a market finance (although for crowd-lending and crowd-equity this difference is less pronounced). At the same time, developing this new skill set (pitching, community engagement, communication, etc.) includes longer term benefits for the CCS actor that go beyond the crowdfunding campaign, as also confirmed in the CCS survey, thus positively contributing to the relative advantage of adopting crowdfunding;
- despite the specific skills needed to successfully run a campaign, the barriers to test crowdfunding – with the exception of equity crowdfunding – are relatively low compared to other types of market finance, where often business and financial plans are required, next to collateral;
- for equity crowdfunding, the barriers to make use of it do not appear to be substantially lower compared to attracting equity finance from the traditional investors community, as similar screening mechanisms are being used before a project can go online. As the case studies on equity crowdfunding platforms MyMicroInvest and Seedrs show, the equity crowdfunding community also has strong linkages to the traditional investor community. This screening process appears to positively affect the success rate of equity crowdfunding campaigns (which is nearly three times higher than the success rate of crowd-lending campaigns);
- there is a sufficiently large amount of crowdfunding platforms available offering a diverse portfolio of models, although not always in the home country. There are no indications that a lack of crowdfunding platforms as such currently hinders the uptake. The analysis does show that when a suitable platform is lacking in the home country, most CCS actors turn to US-based platforms with a global outreach, rather than turning to a platform in another European country. There is currently no crowdfunding platform with a truly 'European' image in terms of brand recognition. This is the case across all crowdfunding models;
- the majority of CCS platforms in Europe operate in a very small market, focusing only on the regional, or even local, ecosystem in which most CCS activities are organised, which also reflects cultural diversity in Europe, with the existence of different markets for cultural products. The advantage is that they can act in niche markets and develop a strategy and business model tailored to the regional needs of CCS actors, backers and policy makers (in terms of network of contacts, familiarity with the ecosystem and relevant policy framework, language, payment systems, etc.). However, the other side of the coin is that their small market size hinders them to upscale to a cost-efficient size and benefit from economies of scale (such as for example a large backers' community, large numbers of projects to host (and thus fees), etc.). This leaves many European platforms in a vulnerable economic situation. Without public or private support (through partnerships) we can expect a market consolidation of the CCS platform landscape in Europe; and
- although crowdfunding has been introduced in the CCS as a new tool to raise money, the examples in the study report show that crowdfunding can be used for many more purposes than only funding. It has the possibility to serve as a tool for community development, market research or as a market signal (proof of concept) towards other financiers.

[146] As also confirmed by the Policy Makers' Survey

8.2 Remaining challenges to move to the tipping point of mass adoption

From the market analysis, however, it is clear that barriers still exist at different levels that prevent users to take informed decisions about whether or not to adopt crowdfunding. These barriers relate to a lack of transparent information about average amounts raised or success rates, but also about what platform to choose and the exact costs related. Also, existing barriers to make crowdfunding compatible with the pre-existing system can negatively influence the adoption decision. In the implementation phase, potential users often lack the skills to make successful use of crowdfunding. This relates to both CCS actors and policy makers. Moreover, they might encounter problems that are related to the multi-faceted fragmentation of the market (regulation, payment systems, language, etc.).

9/ Recommendations for further EU action

In order to overcome the identified barriers for the further diffusion of crowdfunding in the CCS, we recommend that further policy actions are taken in five different areas[147]:

9.1 Raise awareness about the potential of crowdfunding

The market analysis has shown that the practice of crowdfunding is currently already being used to the benefit of CCS activities in multiple ways. In the period January 2013 - October 2016 it provided funding for the realisation of around 75,000 projects in the CCS. Beyond funding, it also contributed to new skills development, community building, audience development, market research, etc.

However, access to crowdfunding *per se* still remains a barrier for the CCS, who are not very well aware what crowdfunding is, how it works and what the key success factors and who the platforms are. Also, intermediary organisations and policy makers are not aware of how to treat crowdfunding in their communication, policy development and guidance towards CCS, nor are traditional investors sufficiently aware of the potential of crowdfunding as a market signal for further investments. The 'lack of information on crowdfunding' with the potential adopters is highlighted as a main barrier for the uptake of crowdfunding and the up-scaling of platforms.

Raising awareness on crowdfunding (its characteristics, different models and use, challenges/risks) **and its potential in the CCS** among the different communities, including creative professionals, cultural organisations, backers and public and private funding actors, remains very important **to lower current barriers to diffuse crowdfunding in the CCS**. There is a high demand for basic independent (i.e. not coming from a platform) information about what crowdfunding is, common guidelines on how to assess its potential, practical training and sharing of practices for the different stakeholder groups: CCS actors (both private and public), policy makers, backers and investors.

[147] The recommendations have not only been drafted on the basis of the market analysis, but have also benefited from a crowdsourcing process with the CCS crowdfunding community (workshop and online stakeholder discussion – see Annex 2/) to discuss, refine and validate the recommendations.

Although the dissemination of information and the organisation of awareness raising activities is a joint responsibility of CCS sector organisations, agencies that support cultural entrepreneurship, public cultural institutions, crowdfunding platforms, regional authorities, etc., there is a need for EU action to overcome the current multidimensional fragmentation and coordinate the provision of information and examples, as well as to organise cross-regional exchange of policy practices. More specifically, we recommend that EU actions with respect to awareness raising focus primarily on:

- supporting the **continuation and further expansion of a European information portal on CCS crowdfunding** (cfr. the crowdfunding4culture portal), that centralises information on everything related to crowdfunding in the CCS and presents it in a coherent manner (standardised information on platforms, basic information about what crowdfunding is and its different models, data on how it is used (average amounts raised, success rate, etc.), an inventory of good examples, interesting events and news items, etc.). When doing so, it is important to keep in mind the high fragmentation in the CCS crowdfunding market, as well as to ensure relevance for all subsectors (e.g. by ensuring that examples cover all sectors and all types of crowdfunding models, etc.) and countries. Ideally, such European information hub should act as a connector and integrator, building further on information that is already available although in a fragmented manner. Regional platform organisations such as for example Crowdfunding Berlin or academic researchers across Europe already collect interesting examples or provide interesting insights that are relevant for the whole European CCS crowdfunding community;
- supporting the development of a European **access2finance portal** for CCS that is an information hub raising awareness on all types of finance that can be relevant in the financing mix of CCS actors (including microfinance, bank finance, venture philanthropy, etc.), and make crowdfunding (and thus the European information portal on CCS crowdfunding) an integral part of it;
- **supporting the organisation of events on crowdfunding and access2finance** for CCS, or the organisation of prizes to facilitate exchange of experiences and networking among CCS actors, crowdfunding platforms, public policy makers and private foundations/investors, with special attention to actors from countries and sub-sectors that lag behind in terms of the uptake of crowdfunding. In the exchange of experiences, it is recommended that there is sufficient focus on the benefits of crowdfunding beyond finance as well as on the better integration of (crowd-)lending and (crowd-)equity in the ecosystem;
- ensuring that **funding information available at the Creative Europe Desks** also includes crowdfunding and that the information portals on crowdfunding and access2finance for CCS are their primary source for all questions that they receive on crowdfunding and CCS finance;
- promoting the **integration of information** at the European level on crowdfunding (VAT, tax, model, platform costs, etc…) for CSS actors (and disseminating this information among others via the information portal); and
- **pro-actively promoting knowledge accumulation on crowdfunding for the CCS at the level of policy makers,** through communication and by bringing together policy makers to stimulate exchange of experiences and barriers (e.g. through the OMC instrument). Bring forward policy thinking at regional and national level about the practise of crowdfunding for the benefit of the CCS, policy learning about relevant policy instruments (including matchfunding) and their potential role as lead user of crowdfunding in sectors such as heritage (through their publicly governed cultural institutions). Particular attention should go to facilitating the sharing of information between regions/countries where crowdfunding has taken off and the ones lagging behind. Specific attention should be paid to knowledge exchange with policy makers in Eastern Europe, in which crowdfunding's potential remains to be explored.

9.2 Create trust

Beyond raising awareness, as important for the effective diffusion of crowdfunding in the CCS is the issue of trust. CCS actors – both privately and publicly governed - have to trust that crowdfunding brings a relative advantage compared to their current situation or alternative options. Backers – from individuals to foundations and professional investors – have to trust platforms and CCS project holders that they spend their money in the best possible way. Policy makers have to trust crowdfunding platforms as relevant partners that can contribute to realising their policy ambitions.

However, the market analysis and interviews shows that due to a lack of (transparent) information about crowdfunding, there is still a significant level of mistrust with respect to crowdfunding.

In most cases the majority of funders come from the personal network of the project holder(s). In such circumstances, a trust relationship already exists. This is not the case when reaching out to funders outside of one's circles. In order for projects in need of big budgets to be successful, they need to reach out to unfamiliar networks of funders. Building a trust relationship with a larger community proves more difficult, and lack of trust by backers in crowdfunding is quoted as one of the reasons why crowdfunding campaigns fail.

Lack of awareness, information, and capacities of crowdfunding widens the trust question. Transparency on costs, success rates, tax regimes, screening procedures by platforms, etc. are in that respect key to foster the use of crowdfunding in the CCS, but also to foster the trust from the crowd toward crowdfunding platforms. A large responsibility lies with the project holders and platforms in that respect. But, comparability of information between different platforms is also important for users (both project holders and backers) to be able to make informed comparisons of platforms (on costs, community of backers, services to project holders, etc.). However, comparative data require clear definitions, as well as sound methods, to collect such data in a manageable and cost-efficient ways. Such frameworks are currently lacking.

We recommend that EU actions with respect to trust creation focus primarily on:

- **promoting more transparency of crowdfunding platform operations and more harmonised reporting of campaign and platform performances.** Although the consulted stakeholders in the study rejected the option to impose a stricter/standardised reporting of platform operations but rather prefer self-regulation, we recommend that the EC promotes and facilitates the creation of a Code of Conduct that ensures transparent and comparable reporting of key performance indicators from platforms;
- **encouraging member states to provide clear VAT and tax guidelines** for CCS crowdfunding. The guidelines should make clear to both project holders and backers what the exact VAT and tax implications are when investing/receiving money in a CCS project, and this for the different types of crowdfunding;
- **encouraging EU Member States to act as lead adopters** of CCS crowdfunding, by stimulating them to experiment with crowdfunding in publicly governed cultural institutions, but also by promoting the exploration of different possible public sector support measures in collaboration with crowdfunding platforms (such as setting up a public (or public-private) CCS crowdfunding platforms, financing training sessions and coaching for CCS for crowdfunding campaigns, or matchfunding as a tool to leverage public spending in the CCS). To this end, the active sharing of good examples of public sector – platform cooperations, practices and lessons learnt, can work as an important source of inspiration and a basis to further explore possible synergies between public authorities, platforms and CCS actors;
- **sharing practices and lessons learnt (e.g. through impact assessment) among policy makers about potential measures to stimulate the use** of different types of crowdfunding such as f.ex. a favourable tax scheme for crowdlending, guarantee schemes, tax deduction for crowd-donations, etc. Such stimulating measures from the government are a signal to both project holders and backers that governments have a positive attitude towards crowdfunding as a financial instrument, stimulate investments from individuals in the Cultural and Creative Sectors as well as cultural entrepreneurship by CCS actors. In that respect, the EU can provide a market signal itself, by exploring the possibilities of using the CCS Guarantee Facility not only for traditional bank loans, but also for crowdlending;
- **investing in independent data gathering** – both quantitative and qualitative – to provide information updates on the number of campaigns launched, keeping in mind sectorial differences, the number (and characteristics) of backers as well as amounts raised (observatory function). These data can feed the above mentioned European information portal (thus making it a sort of CCS crowdfunding observatory). When doing so it is important to note that an adequate monitoring system requires reliable data that come from the platforms and good indicators; and
- **(financially) supporting the research community to further develop adequate indicators and monitoring systems** that allow them to further deepen insights on CCS crowdfunding developments. Digitalisation, as well as the strong relation between crowdfunding and social media usage, produces an enormous amount of data that can be used to monitor new forms of engagement in cultural activities.

9.3 Stimulate skills development

Many CCS actors face a gap in competences when it comes to accessing crowdfunding, especially with regard to entrepreneurial (including (financial) management and communication) skills and culture, both needed for assessing the right financing needs and running a successful campaign:

- assessing the relevance of crowdfunding - including the type of crowdfunding model – requires sufficient 'financial literacy' and strategic insights on the side of the CCS actor about the opportunities and challenges (including non-financial) related to different types of crowd finance: donations, reward-based funding, lending, equity, as well as their relation to other types of finance and other management tools (such as other channels of communication, audience development, etc.);
- running a crowdfunding campaign requires proper organisation and dedication, as well as knowledge on how to make an appropriate video, photography, or organise a communication process with a marketing objective and appropriate time. Also, community building requires specific skills.

If crowdfunding skills are not applied properly, campaigns (small or large) are more prone to fail and result in negative perception about this funding tool and underutilisation of its potential. However, several studies on entrepreneurship and access to finance[148] in the CCS have highlighted that such skills are often insufficiently developed to fully benefit from the potential of crowdfunding. This is reinforced by the fact that most CCS actors are micro-sized, thus having a very limited absorptive capacity.

On the side of policy makers, specific skills are needed to effectively adapt the policy framework to support the uptake of crowdfunding, to set up new types of partnerships that might benefit the uptake of crowdfunding in the CCS and to rethink the funding system for CCS activities.

For some aspects CCS actors and policy makers can rely on platforms and other experts to advise and support them. However, the more strategic aspects (alignment of crowdfunding campaign with mission/vision, strategic choices about community building and audience development, etc.) touch upon the core of the organisations themselves and these skills should therefore preferably be developed in-house.

In order to encourage skills development for CCS crowdfunding (beyond the awareness raising efforts), we recommend that EU actions focus primarily on:

- stimulating intermediary organisations to develop adequate **material and training about crowdfunding (what, opportunities and challenges)** for their relevant target group(s). The European information portal can be a starting point to feed this material and training. One type of output could be a toolkit on how to get started with crowdfunding, making use of the data, information and inspirational examples available on the portal, but tailored to the specific target groups (in terms of sector, language, etc.);
- **supporting intermediary CCS organisations** to further **promote entrepreneurial and business skills as an integral part of CCS actors' curriculum in general**, as well as non-formal skills development specifically targeted at CCS (such as the peer-to-peer exchange programme[149] under the European creative hubs programme), including the promotion of crowdfunding as a tool for entrepreneurial and business skills development;
- **encouraging the integration of financial and business literacy in CCS education or training channels**, such as incubators, to strengthen the financial capacity of CCS actors to enable the sector to also better tap into the possibilities of (crowd)lending and (crowd-)equity where relevant and suitable for the sector and attract larger amounts and more longer term finance; and
- **providing specific grants and coaching** for CCS actors to develop (European) crowdfunding campaigns.

9.4 Support matchfunding

Although matchfunding - where public funding is matched with online crowdfunding - is attracting increasing amounts of interest from public and private institutions, the market analysis has shown that this type of incentive remains unexplored for many local, regional and national policy makers. Policy makers across Europe, as well as private fund organisations, could explore more the possibilities to direct their funding into crowdfunded campaigns.

In order to encourage matchfunding schemes, we recommend that EU actions focus primarily on:

[148] For example HKU (2010), IDEA Consult (2013)

[149] http://creativehubs.eu/news-p2p-round2/

- **information gathering and online sharing** on the characteristics of matchfunding (different models, guidelines for application, limitations, etc.) and on existing initiatives across countries, to raise awareness;
- **facilitating interaction and cooperation between relevant actors for partnerships**, including local/regional authorities and relevant government agencies, private funding organisations, and crowdfunding platforms;
- **initiating exchange of policy practices** to stimulate policy learning with local and regional authorities across Europe about matchfunding (experiences and lessons learned about different models of matchfunding, limitations, selection criteria, unexpected (positive and negative) side-effects etc.), with particular attention to involve policy makers from regions/countries where crowdfunding's potential remains to be explored; and
- **launching a European matchfunding initiative** to match EU funding with crowdfunding. The initiative should also be easily accessible for small CCS actors (i.e. low administrative burden) and should be reflective of EU funding priorities and criteria, where a selection body is responsible for choosing campaigns eligible for matchfunding. Matchfunding can also be used to raise awareness with CCS actors about other relevant EU funding schemes.

9.5 Support the linking of (international) financial communities

The CCS has always faced difficulties in accessing traditional finance. Crowdfunding offers an opportunity to act as a proof of concept for future access to funds. However, the current fragmentation restrains crowdfunding from exploiting its full potential to open up both project-related and organisation-related finance.

Given that, customarily, the CCS sector in Europe has been supported by public funds, there is more potential for Cultural and Creative Sectors with a view to traditional finance institutions such as banks, as well as private foundations, etc., and there are still serious problems in the information flows between CCS companies and financiers, as well as in their ability to find a 'common language'[150].

In order to address these issues, the Creative Europe CCS Guarantee Facility has been created. Established in June 2016, it aims at strengthening cultural and creative sectors companies' financial capacity and competitiveness by lowering the barriers for banks to lend money to CCS organisations.[151] €121 million is earmarked by the EU to a guarantee facility acting as insurance to financial intermediaries (e.g. banks) offering financing to cultural and creative sector initiatives. In addition, financial intermediaries are provided training to better understand the needs of cultural and creative sector projects, with a view to increasing their engagement with the sectors.

With crowdfunding, an innovative financing instrument has entered the financing market for CCS that can lower the existing information asymmetries that have a structural negative influence on the access to market finance (lending, equity finance) for CCS actors. Crowdfunding has the potential to be a catalysing platform where crowd-supported CCS actors might more easily access loans (peer-to-peer lending or using crowdfunding success as proof of concept for further funding from traditional banks) as well as private and public funding (matchfunding). However, crowdfunding in the CCS is currently insufficiently integrated in the broader financing landscape (with the exception of equity crowdfunding). Successful reward-based crowdfunding campaigns are not yet recognised as a market signal about their creditworthiness for traditional lenders and investors. The latter are mainly focused on organisation finance, whereas reward-based crowdfunding primarily relates to the financing of a specific project.

Platforms that specifically focus on crowdlending and -equity in the CCS are largely missing, also due to the very small fragmented market size. Simultaneously, crowdfunding platforms, which act as finance providers/facilitators for the sector, are faced with bottlenecks that prevent them from developing a pan-European business. This is especially true for cross-border investment crowdfunding.

---

[150] OMC Working Group on Access to Finance for the CCS (2015), "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors", November 2015

[151] https://ec.europa.eu/programmes/creative-europe/cross-sector/guarantee-facility_en

Linking financial communities raises awareness among these organisations regarding CCS crowdfunding and can in turn lower the barrier of access to crowdfunding.

In order to encourage the link between these financial communities, EU actions should focus primarily on:

- **tackling bottlenecks** in the regulatory framework that prevent the use of cross border crowdfunding and the upscaling of crowdfunding platforms in Europe;
- **stimulating the dialogue in the fragmented CCS crowdfunding platform landscape** (primarily organised at regional/local level and reward-based) to explore possibilities to better link the current donation- and reward-based crowdfunding landscape to lending and equity finance (not only crowd-lending and crowd-equity), and tackle the barriers;
- **sharing information** about the objectives and goals of Creative Europe's **CCS Guarantee Facility** among crowd–lending platforms to help them to reach an informed decision on applying for this market-driven financial instrument, which is now mainly used by more traditional financial intermediaries (banks or guarantee companies);
- **facilitating information sharing and capacity building on CCS finance** between different types of financial actors (platforms, venture capital, business angels, social impact investors, etc.):
  - as a minimum, the European Commission/EIF could incorporate information about crowdfunding and its potential as a matchfunding tool in the capacity building programme for financial intermediaries that participate in the CCS Guarantee Facility programme;
  - more generally, information about crowdfunding could be included in information on access to finance for the CCS entities (e.g. on the above mentioned European access2finance portal); and
  - towards the equity/high risk finance market, knowledge sharing and accumulation can focus on the potential of crowdfunding as a tool to evaluate the market potential of a business concept or more general as a tool to lower information asymmetries about the entrepreneurial capabilities of CCS actors in need of equity finance, that can positively influence the risk assessment.

ANNEXES

1/ Bibliography

Author(s)	Title	Year	Publication Source - Weblink
	Boosting Finance Options for Business - Report of industry-led working group on alternative debt markets	2012	
	DRAFT Minutes of the 3rd meeting of the European Crowdfunding Stakeholder Forum (ECSF)		
Ajay k. Agrawal, Christian Catalini, Avi Goldfarb	Some Simple Economics of Crowdfunding	2013	
Andreea Gorbatai and Laura Nelson	The Narrative Advantage: Gender and the Language of Crowdfunding	2015	
Andy Davis	Seeds of Change: Emerging sources of non-bank funding for Britain's SMEs	2012	
Anne Rupert	Crowdfunding: a guid by blast theory	2014	
Beaney, Kampfner, ICAEW	Creative industries – routes to finance. A guide to sources of funding and investment for arts, cultural and creative organisations	2015	http://www.thecreativeindustries.co.uk/media/322389/creative-industries-routes-to-finance.pdf
Belleflamme, Paul, Lambert Thomas, Schwienbacher Armin	Crowdfunding: Tapping the right crowd	2014	Journal of Business Venturing, 2014, 29(5), 585-609
Buttice, Colombo, Franzoni, Rossi-Iamasrta	Segmented receivers? preferences and the response to signals. An empirical test in film-crowdfunding	2015	http://druid8.sit.aau.dk/acc_papers/9934ccrbn9d9yo3yik0qoo346ftc.pdf
Cambridge Centre for Alternative Finance	Sustaining momentum: the 2nd European alternative finance industry report	2016	

Chun-Ta Lu, Sihong Xie, Xiangnan Kong, and Philip S. Yu	Inferring the impacts of social media on crowdfunding	2014	
Creative Lenses	Focus meeting 15 February 2016: report	2016	
Crowdfunding Innovation	Assessing the potential for crowdfunding and other forms of alternative finance (AF) to support research and innovation	2017	http://crowdfunding4innovation.eu/blog/study-%E2%80%9Cassessing-potential-crowdfunding-and-other-forms-alternative-finance-af-support-research
Crowdfundmarkt.nl	Crowdfinance 2015: Crowdfunding met financieel rendement in Nederland	2016	
Cultural Base	Some reflections on "Creative Europe"	2015	
Culture Crowd	Equity crowdfunding for the arts and creative industries	2013	http://www.culturecrowd.co.uk/wp-content/uploads/Equity-Crowdfunding-for-the-Arts-June-2013.pdf
Digits R&D funds for the arts	Digital Culture 2014: How arts and cultural organisations in England use Technology	2014	
Digits R&D funds for the arts	Digital Culture 2015:How arts and cultural organisations in England use Technology	2015	
Digits R&D funds for the Arts & Nesta	Digital Culture: How the Digital R&D Fund for the arts impacted the arts and cultural sector	2016	
Don Fullerton	On justifications for public support of the arts		
Douw & Kooren	Crowdfunding in Nederland 2015: De status van crowdfunding in Nederland	2015	
Douw & Kooren	Crowdfunding voor musea en erfgoed	2016	
E&Y, together with UNESCO & Oxford Economics	Cultural times, the first global map of cultural and creative industries	2015	http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ERI/pdf/EY-Cultural-Times2015_Low-res.pdf

EBA	Opinion of the European Banking Authority on lending-based crowdfunding	2015	
EBA	EBA response to the European Commission's Consultation Paper on Crowdfunding	2013	
EC, space-tec	Crowdfunding innovative ventures in Europe The financial ecosystem and regulatory landscape	2014	https://ec.europa.eu/digital-agenda/en/news/crowdfunding-innovative-ventures-europe-financial-ecosystem-and-regulatory-landscape-smart
ECN	Proceedings of the High-level Workshop on Crowdfunding and Web-entrepreneurship	2013	
ECN	Towards an ecosystem for early-stage finance and innovation through crowdfunding	2013	
ECN	Review of crowdfunding regulation: Interpretations of existing regulation concerning crowdfunding in Europe, North America and Israel	2014	
EENC	New Business Models in the Cultural and Creative Sectors (CCSs)	2015	https://www.coe.int/t/dg4/cultureheritage/culture/digitisation/EENC-NewBusinessModelsintheCCSs.pdf
EENC	Opportunities for CCSs to Access Finance in the EU - Short Analytical Report	2014	http://www.eenc.info/wp-content/themes/kingsize/images/upload/EENC-CCSsAccesstoFinance-141118.pdf
EENC	Crowdfunding Schemes in Europe	2011	
ESMA	Advice: Investment-based Crowdfunding	2014	
ESMA	AdviceOpinion: Investment-based crowdfunding	2014	
Ethan Mollick	Containing Multitudes: The Many Impacts of Kickstarter Funding	2016	

European Commission	Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: "Unleashing the potential of Crowdfunding in the European Union"	2014	http://ec.europa.eu/internal_market/finances/docs/crowdfunding/140327-communication_en.pdf
European Commission	Crowdfunding: Mapping EU markets and events study - Executive Summary	2015	http://ec.europa.eu/finance/general-policy/docs/crowdfunding/20150930-crowdfunding-study-executive-summary_en.pdf
European Commission	Crowdfunding: Mapping EU markets and events study	2015	http://ec.europa.eu/finance/general-policy/docs/crowdfunding/20150930-crowdfunding-study_en.pdf
European Commission	Survey on the access to finance of enterprises (SAFE) - Analytical Report	2014	
European Commission	Understanding Crowdfunding and its Regulations - How can Crowdfunding help ICT Innovation?	2015	
European Commission	Responses to the public consultation on crowdfunding in the EU	2014	
European Commission	Green paper: Building a Capital Markets Union	2015	
European Commission	Consultation document: review of the prospectus directive	2015	
European Commission	Crowdfunding in the EU Capital Markets Union	2016	
European Commission	Pilot projects under the call for proposals 'Supporting the demand and supply side of the market for social enterprise finance'	2016	
European Commission	Crowdfunding innovative ventures in Europe: the financial ecosystem and regulatory landscape	2014	ISBN 978-92-79-43849-3
European Commission and IDEA Consult	Survey on access to finance for cultural and creative sectors - Evaluate the financial gap of different cultural	2013	http://ec.europa.eu/culture/library/studies/access-finance_en.pdf

	and creative sectors to support the impact assessment of the creative europe programme		
European Commission, Directorate-General for Research and Innovation	Assessing the potential for crowdfunding and other forms of alternative finance to support research and innovation	2017	ISBN 978-92-79-59130-3 Doi: 10.2777/046608 KI-01-16-636-EN-N
European Crowdfunding Stakeholder Forum	Minutes of the 2nd European Crowdfunding Stakeholder Forum meeting	2014	
European Crowdfunding Stakeholder Forum	Minutes of the 3rd European Crowdfunding Stakeholder Forum meeting	2015	
Eurostat	Culture Statistics	2016	ISBN 978-92-79-52215-4
Gary Dushnitsky, Massimiliano Guerini, Evila Piva and Cristina Rossi-Lamastra	Crowdfunding in Europe: determinants of platform creation across countries	2016	California Management Review, Vol. 58, No 2, pp. 44-71
GLI Finance Limited	GLI Finance Response to provisional findings of CMA Retail Banking Market Investigation - The case for raising Small and Medium Enterprise awareness of alternative finance		
Heikki Masalin	Mapping of Nordic Creative and Cultural Industries: Financial Environment	2015	
Inge Ejbye Sorensen	Documentary in a Multiplatform context	2012	
IOSCO	Crowdfunding 2015 Survey Responses Report	2015	
KEA	Promoting investment in the cultural and creative sector: financing needs, trends and opportunities	2010	http://www.keanet.eu/docs/access%20to%20finance%20study_final%20report_kea%20june2010.pdf
Knowledge works (Kunnskapsverket)	General landscape of Nordic countries cultural crowdfunding projects		

Knowledge works (Kunnskapsverket)	Rewards-based cultural crowdfunding in Spain: Opinions of project promoters	2016	ISBN 978-82-93482-09-3
Kuppuswamy, Bayus	Crowdfunding creative ideas: the dynamics of project backers in Kickstarter	2015	http://funginstitute.berkeley.edu/wp-content/uploads/2013/11/Crowdfunding_Creative_Ideas.pdf
Marie Le Sourd	Fund Finder - Guide to funding opportunities for arts and culture in Europe, beyond Creative Europe	2015	https://www.ietm.org/en/system/files/publications/fund-finder_oct2015_0_0.pdf
Martinez-Cañas, Ruiz-Palominos, del Pozo-Rubio	Crowdfunding and social networks in the music industry. Implications for enterpreneurship	2012	http://www.cluteinstitute.com/ojs/index.php/IBER/article/view/7449/7516
Melanie R. Bump	Crowdfunding in museums	2014	
Mobillion + Douw&Koren	Whitepaper - Crowdfunding for non-profits	2014	
Nabarro + AltFiDATA	Where are they now? A report into the status of companies that have raised finance using Equity Crowdfunding in the UK	2015	
Nesta	Pushing boundaries: the 2015 UK alternative finance industry report	2016	
Nesta	Crowdfunding Good Causes: Opportunites and Challenges for charities, community groups and social entrepreneurs	2016	
Nesta	Cultural policy in the time of the creative industries	2016	
Nesta, ESADE, iri, waag society, Future Everything, Swirrl, variable, Agnes	Growing a digital social innovation ecosystem for Europe - DSI final report	2015	
NestaNESTA	Understanding Alternative Finance: The UK Alternative Finance Industry Report 2014	2014	
Nikos Daskalakis	Update on crowdfunding user's awareness	2016	

OMC	Access to Finance for the CCS "Good practice report: towards more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors"	2015	
Open Method of Coordination (OMC) working group of EU Member States Experts on access to finanace for the cultural and creative sectors.	Good Practice Report: Toward more efficient financial ecosystems: innovative instruments to facilitate access to finance for the cultural and creative sectors	2015	
Oxera Consulting LLP	Beneftis of online platforms	2015	
Pavla Petrova	Funding the Arts in time of public budget cuts	2015	
Peteris Zilgalvis	The Need for an Innovation Principle in Regulatory Impact Assessment: The Case of Finance and Innovation in Europe	2014	
Petrova	Funding for the Arts in times of public budget cuts	2015	http://msed.vse.cz/msed_2015/article/49-Petrova-Pavla-paper.pdf
Pine and Gilmore (1999)	The experience economy	1999	Harvard Business School Press, Boston, 1999
Quero, Ventura, Santoja	Value co-creation as a determinant of success in crowdfunding experiences in the cultural sector	2014	http://www.uca.es/recursos/doc/Unidades/Catedra_Emprendedores/1846092599_101020139210.pdf
Quero, Ventura, Santoja	The role of balanced centricity in the creative industries adopting a crowd-funding organisational model.	2013	http://www.naplesforumonservice.it/uploads/files/Quero,%20Ventura,%20Santoja.pdf
Robert Wardrop, Bryan Zhang, Raghavendra Rau and Mia Gray (Cambridge-EY)	Moving Mainstream: The European Alternative Finance Benchmarking Report	2015	http://ec.europa.eu/finance/general-policy/docs/crowdfunding/150304-presentations-ecsf_en.pdf
Roei Davidson & Nathaniel Poor	Factors for success in repeat crowdfunding: why sugar daddies are only good for Bar-Mitzvahs	2015	http://dx.doi.org/10.1080/1369118X.2015.1093533

Saint AndrewsRoss Brown, Suzanne Mawson, Alexander Rowe and Colin Mason	Harnessing the Crowd: The Demand-Side Dynamics of Equity Crowdfunding in Nascent Entrepreneurial Ventures	2013	http://www.st-andrews.ac.uk/business/rbf/workingpapers/RBF15_009.pdf
Saul Estrin and Susanna Khavul	Equity crowdfunding: a new model for financing entrepreneurship?	2015	
Saul Estrin and Susanna Khavul	Equity Crowdfunding: A new model for financing enterpreneurship?	2016	
Scott Steinberg	The Crowdfunding Bible: How to raise money for any startup, video game, or project		
Soumitra Dutta, Bruno Lanvin and Sacha Wunsch-Vincent	The global innovation index 2016: winning with global innovation	2016	ISBN 979-10-95870-01-2
Tax and Legal Work Group of the European Crowdfunding Network	Review of Crowdfunding Regulation: interpretations of existing regulations concerning crowdfunding in Europe, North-America and Israel	2014	http://eurocrowd.org/2014/12/12/ecn-review-crowdfunding-regulation-2014/
The World Bank Group	Crowdfunding in Emerging Markets: Lessons from East African Startups	2015	
Toniic and ECN	Crowdfunding for impact in europe and the usa	2013	http://www.toniic.com/wp-content/uploads/2013/12/CrowdfundingForImpact.pdf
United Nations - UNCTAD	Creative Economy, Report 2008	2008	http://unctad.org/en/docs/ditc20082cer_en.pdf
Voordekunst	Groter dan de som. Businessplan stichting voordekunst 2015-2018	2015	
Wesley Mendes-Da-Silva, Luciano Rossoni,, Bruno S. Conte,Cristiane C. Gattaz, Eduardo R. Francisco	The impacts of fundraising periods and geographic distance on financing music production via crowdfunding in Brazil	2016	Journal of Cultural Economics, (2016) 40:75–99

World Economic Forum	The Future of FinTech: a paradigm shift in Small Business Finance	2015	
World Economic Forum	The future of fin-tech: A paradigm shift in Small business finance.	2015	

2/ Methodological notes

2.1. Literature Review

The literature review gathers state-of-the-art insights from existing literature about issues, challenges and characteristics of alternative finance for the CCS sector, and at the same time identifies gaps in the literature with respect to crowdfunding for CCS. The literature review also supports other project tasks: it serves to identify relevant projects, platforms and partnerships to consider as case studies or reference practices, as well as key actors and interesting contacts for interviews and workshops.

For the literature review, academic literature, other research studies and relevant policy documents have been consulted. We refer to the bibliography in Annex 1/ for an overview of the documents that have been consulted.

2.2. Interviews

Between February-June 2016, the research team has conducted **19 exploratory interviews with so-called "gatekeepers"** in order to:

- refine the survey protocols and related questions; and
- identify additional contacts and platforms, as well as outstanding practices or experiences to be considered during the case study selection.

Table 8 provides an overview of the gatekeepers that have been interviewed.

Table 8: Exploratory interviews

Name	Organisation	Organisation Type	Country
Ronald Kleverlaan	European Crowdfunding Hub	Network	NL
Simon Douw	Douw & Koren	Crowdfunding consultancy	NL
Roy Cremers	Voordekunst.nl	Crowdfunding Platform	NL
Alexander Ramselaar	Cultuur+Ondernemen	Foundation	NL
Cristina Farinha	ADDICT Creative Industries	Coordinator of the Creative Industries Cluster	PT
Caroline Norburry	Creative England	Public body	UK
Priscilla Boiardi	European Venture Philantropy Association	Venture Philantropy Association	EU
Max Valentin	CrowdCulture	Matchfunding	SE
Matthijs Bierman	Triodos	Bank	EU/NL
Isabel Jansen	Nordstarter/Creativgesellschaft Hamburg	Platforms/Funding information body	DE
Arnaud Burgot	Ulule	Crowdfunding Platform	FR
In-Soo Radstake	Cinecrowd	Crowdfunding Platform	NL
Candace Johnson	EBAN	Business Angels Network	EU
Michael Collins	European Venture Capital Association "Invest Europe"	VC Association	EU
Anne-Charlotte de Cartier	Hello crowd!	Crowdfunding Platform	BE
Janine Huizenga	Creative Cooperative	Creative Industry Consultants	NL
Andrew Bullen	Creative Cooperative	Creative Industry Consultants	NL

Derrick de Kerckhove	French University of Toronto (retired)	Professor and Author (The Skin of Culture)	EU
Sean Leow	Kickstarter	Crowdfunding Platform	USA

The exploratory interviews were semi-structured. Box 30 gives an overview of the main topics that were discussed throughout the interviews.

Box 30: Interview topics for the exploratory interviews with gatekeepers

1. What are the dominant models of crowdfunding currently used in Europe to finance CCS?
2. What is the position of crowdfunding in the CCS "financing mix"?
3. What are the benefits, cost and barriers of crowdfunding for the CCS?
4. What are success factors of crowdfunding for CCS actors?
5. Do you have examples of interesting Practices/Failures of Crowdfunding in the CCS?
6. What are barriers to EU Crowdfunding for CCS, taking the international context into account?
7. Specific questions for investors / donors: what is the impact of crowdfunding on their investment behavior?
8. Do you have suggestions for EU Policy Actions?

In addition to the exploratory interviews, between July-September 2016 we conducted another **16 in-depth stakeholder interviews (including with the US-based crowdfunding platform Kickstarter) to specifically further explore the problem of fragmentation** in the European CCS crowdfunding market and evaluate possible actions to overcome this fragmentation.

An overview of the experts that we have interviewed can be found in Table 9. Box 31 gives an overview of the main topics that were discussed throughout the interviews.

Table 9: In-depth stakeholder interviews

Name	Organisation	Type	Country
Marina Petrovic	UNDP project on Crowdfunding	Crowdfunding Academy	Croatia
Yoann Nesme	PPL	CF platform	PT
Agnese Aggrizzi	Ginger Idea	CF Platform	IT
Claudio Bedino	Starteed	White label for platforms	IT
Valentina Polylas	Regione Emilia-Romagna	Regional Initiative for Culture and Creatives	IT
Anna Theil	Startnext	CF platform	DE
Bart Tunnissen	Waag Society	Network between CCS and technologies	NL
Peter Baeck	Nesta	Network platform for CCS and digital technologies	UK
Maria Perulero	Goteo	CF platform	ES
Robert van Boeschaten	Institute of network cultures	Network between CCS and technologies	NL
Esteban Pelayo	Citizen energy	Meta-platform for CF for sustainable energy	EU/ES
Silvia Steisel	OksigenCrowd/Gingo (DG Employment)	CF platform and Incubator	EU
Ciaran Burke	Hiive	CCS actor	UK
Nan Van Houte	EITM	CCS actor	EU

Lieza Dessein	Smart-EU European Association of creative professionals	Access to finance actor for CCS	BE/EU
Virginie Civrais	Smart-invest	Access to finance	BE

Box 31: Interview topics for the in-depth interviews on fragmentation

1. Key barriers to the development of CCS crowdfunding (regulatory, fragmentation, local vs international context, etc.)
2. Causes of fragmentation
3. Opportunities to foster the structuration of the CCS crowdfunding landscape (financing mix, connecting communities in practice, etc.)
4. Matchfunding opportunities, partnerships and financial mix
5. Suggestions for potential EU Policy Actions
6. Identify and understand effects of a potential "joint umbrella platform" and limitations

In the middle of the interview process, the research team concluded that interviewees were more eager to communicate on current needs and challenges, while getting feedback on possible actions to address those needs and challenges was more difficult to obtain. It was therefore decided to put more emphasis on the latter, by re-questioning interviewees in an alternative fashion on possible actions that the EC - but also other levels of government or intermediaries - could undertake to overcome the fragmentation of CCS Crowdfunding and related hampering factors

2.3. Crowdsurfer data analysis

A data intelligence service for all forms of crowd finance was used to gather quantitative data on CCS crowdfunding campaigns. The data from Crowdsurfer (https://crowdsurfer.com/info) has been used to shed light and refine information on:

- the number and types of cultural projects launched and funded;
- number of platforms where cultural and creative projects are launched;
- the geographical coverage and cross-border campaigns;
- crowdfunding models used by cultural and creative projects;
- success rate of crowdfunding for CCS projects;
- amounts pledged vs amounts raised;
- number of backers;
- etc.

Content of Crowdsurfer's dataset

The Crowdsurfer data used for this study was data on crowdfunding requests from cultural and creative actors in Europe offered on 380 different platforms during the period between **1st January 2013 and 31st October 2016**. We refer to the market analysis section for a full description of the analysis.

Data from the platforms was gathered by Crowdsurfer via technical mechanisms such as web technologies, APIs and bespoke integration of data. Due to the deployment of these technologies most data-gathering was conducted without additional effort from platforms. However, data practices vary by platform; established platforms more often have a data feed or capacity to connect to a data gateway, whereas other platforms tend to require technical support to contribute data.

Factors that can affect data accessibility include:

- team capacity at platforms;
- the fields of data gathered during the project;
- regulatory considerations; and
- company policies.

Platforms excluded from the scope of this study are:

- those with insufficient data relevant to this analysis;
- those with technical complexities relating to the data;
- those in "closed beta" or "pre-launch" (i.e. not yet publicly supporting projects);
- those that were operating, but did not have any successful projects before this research started; and
- those that became inactive before this project started and were not present in Crowdsurfer's database, as it was not feasible to gather data from these historical platforms.

CCS Dataset Methodology

Crowdsurfer's dataset contains information of projects in all fields, from renewable energy to real estate crowdfunding. Founded in 2012, its dataset was not developed with a creative filter in mind. Therefore, in order to identify and extract creative and cultural campaigns from the rest of the dataset, our team developed the following two-phase methodology in order to best serve the purpose of this study.

1. Filter Development

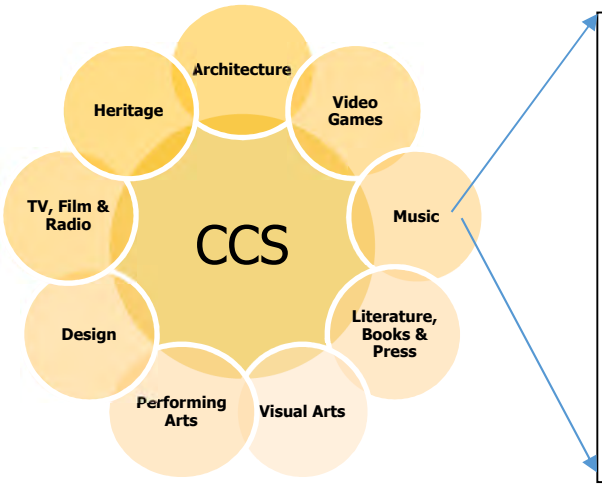
Given the novelty of this study, in the first phase we developed new filters in order to differentiate creative and cultural projects from the rest of campaigns in the dataset. Based on the ToR definition of CCS[152], filters were developed for nine different sectors (see Annex 3/). We remark that the selection was based on the content of projects (i.e. cultural and creative activities) and not on the project holders' background, for which no data is available.

Through the use of web searches, keywords were identified to describe each sector thoroughly. In this table we present the music filter as an example.[153]

[152] Cultural and Creative Sectors (CCS) include "inter alia architecture, archives, libraries and museums, artistic crafts, audiovisual (including film, television, video games and multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio and visual arts"

[153] For a full filter description please see Annex 3/

Figure 86: CCS filters developed for Crowdsurfer data analyses



Filter: Music

((music* OR ((music* OR band OR song* OR album* OR artist* OR sound* OR tour* OR songwriter* OR style) AND (melod* OR video OR clip* OR record* OR instrument* OR album OR orchestra OR composer OR string OR guitar* OR violin* OR viola OR cello OR brass OR flute* OR percussion OR composer OR choirs OR vinyl OR song* OR tapes OR classic OR CD OR folk OR pop OR rock OR punk OR choir* OR r&b OR concert* OR singer* OR band* OR gig OR rap OR rapper OR jazz OR hiphop OR "hip hop" OR copyright* OR publish* OR genr*))) OR bandbackers *AND - (app OR streaming OR food* OR drink* OR film* OR TV* OR phone OR wearable* OR watch* OR theater OR theatre OR headphone* OR photograph* OR earphone* OR symphony OR sonata OR design OR game* OR novel OR writing* OR book* OR photos OR photo OR festival OR perform* OR opera OR (live AND perform* OR concert) OR cinema* OR "live perform*" OR concert OR tour*))*

Source: IDEA Consult

2. CCS Platforms Identified

In the second phase, through desk research we identified 79 extra EU platforms (active and inactive) open to, or focused on, CCS projects that were not present yet on the Crowdsurfer dashboard. Data could be added immediately for some platforms, while others requested special permission. An invitation email was sent to a list of platforms with restrictive company policies for data access, asking for their participation in the study and consequent share of data. In total, full or partial data form 48% of identified platforms were added to the dataset. The full list of platforms identified and reached can be seen in Annex 4/.

Technical considerations

Dealing with such a novel database does not come without limitations. In order to accurately understand and interpret the data presented, we provide some notes in Table 10 below on the technical limitations of the data.

Table 10: Technical considerations relating to the interpretation of data and analyses

Number of campaigns	Some campaigns belong to more than one subsector analysis. For instance, a campaign launched by a musician to launch his new album in a concert hall is assigned to both the music sector and the performing arts sector (and thus might appear under the music filter as well as under the one of performing arts). The overall CCS filter contains the total of CCS campaigns, without any duplication. This implies that the sum of the campaigns per sub-sector filter does not add up to the total number of campaigns in the overall CCS filter.
Project validation	Where adjustments to the data were necessary (e.g. removing test projects, or where a project shows remaining days despite the campaign having closed), we removed those projects from the analysis. We identified and improved data quality as far as possible, however undiscovered errors may persist.
Format validation	Some platforms presented information in varying formats for example for older, ongoing, or successful projects, or changed the format of public data from time to time. Irregular or changing data presentation formats can be difficult to detect or cause errors; we cleaned the data and accommodated format variation where noticed. We examined a random sample of older projects and checked extraction statistics to validate.

Dates	Dates are sometimes provided in varying formats (including within a single project data set), for example inconsistent order of month and day numbers. This was accounted for where noticed. Project timing information is not always provided, e.g. end date. In this case, we used various methods to make a reliable estimate of when the project ended. These include looking at loan repayment schedules, fundraising progress monitoring, platform campaign length rules or any other useful information.
Defining success	Platforms have varying methodologies for classifying a project as fully funded. We accommodated as many as possible, however for some unusual platform funding models it was not possible to unambiguously classify.
Human errors	Human errors can impact data quality (e.g. we identified and corrected misclassified currencies). We improved data quality as far as possible, however undiscovered errors may persist.
Survivorship	There is a known bias in the data towards successful platforms, as platforms that ceased operating during the scope period were excluded from the scope of analyses. This is due to the difficulties of contacting and retrieving data from businesses that have ceased operating.
Geolocation mapping errors	We used established services to geolocate project address strings. Occasionally we found errors in their geolocation mapping, which required manual inspection to discover and correct. For some projects it was not possible to geolocate due to absent information. Where this occurred, the location of the project was deemed to be the same as the location (country) in which the platform declares its activity to be.

Source: Crowdsurfer Ltd.

Data Ownership

Crowdsurfer (and/or its licensors) owns all intellectual property rights in the data and the database. Crowdsurfer does not grant any right to copyright, database rights, trade secrets, trade names, trademarks (whether registered or unregistered), patents, or any other rights or licences in the Website, Data or the Database.

However, Crowdsurfer grants access to the data submitted as part of this report to project partners. This access permits the Authorised Users to:

- access, view, search, combine, aggregate and manipulate (Use) the Data; and
- copy, print, save, share with others within your organisation or store the information derived from Use of the Data, in each case, solely for your internal business operations and/or research purposes.

2.4. Surveys

To enrich the analysis of Crowdsurfer data (quantitative analysis) with more qualitative information about the CCS actors (not) using crowdfunding and investors/donors, and crowdfunding platforms and policy-makers (not) engaging in crowdfunding for CCS, four online surveys have been conducted, directed towards four different target groups for this project:

1. Cultural and creative professionals/organisations ("CCS survey")
2. Crowdfunding Platforms that host cultural or creative projects ("Platforms' survey")
3. Supporters/backers of cultural or creative projects ("Backers' survey")
4. Policy makers at local, regional, national or European level ("Policy Makers' survey")

The aim of the surveys is summarised in the table below.

Table 11: Aim of the surveys

Collect qualitative insights in order to…	complement the quantitative mapping of crowdfunding benefiting the CCS (from the Crowdsurfer data)	give an overview of policy initiatives benefiting crowdfunding for the CCS
Input from surveys targeting:	▶ CCS ▶ Platforms ▶ Backers	▶ Policy makers

The combination of the survey data with Crowdsurfer data provided the research team with a **holistic and unique dataset** to map the extent to which crowdfunding is benefiting CCS actors.

Survey development

The four survey questionnaires have been developed, based on the central research questions driving the study, the results from the literature review and the outcomes from the exploratory interviews. The questionnaires have been revised, tested and submitted to a quality check by the research team and by the experts involved in this study, while also taking into account comments from the target group on the questionnaires. After finalisation of the questionnaires, the surveys have been translated into French and German, and programmed in the online survey tool, CheckMarket.

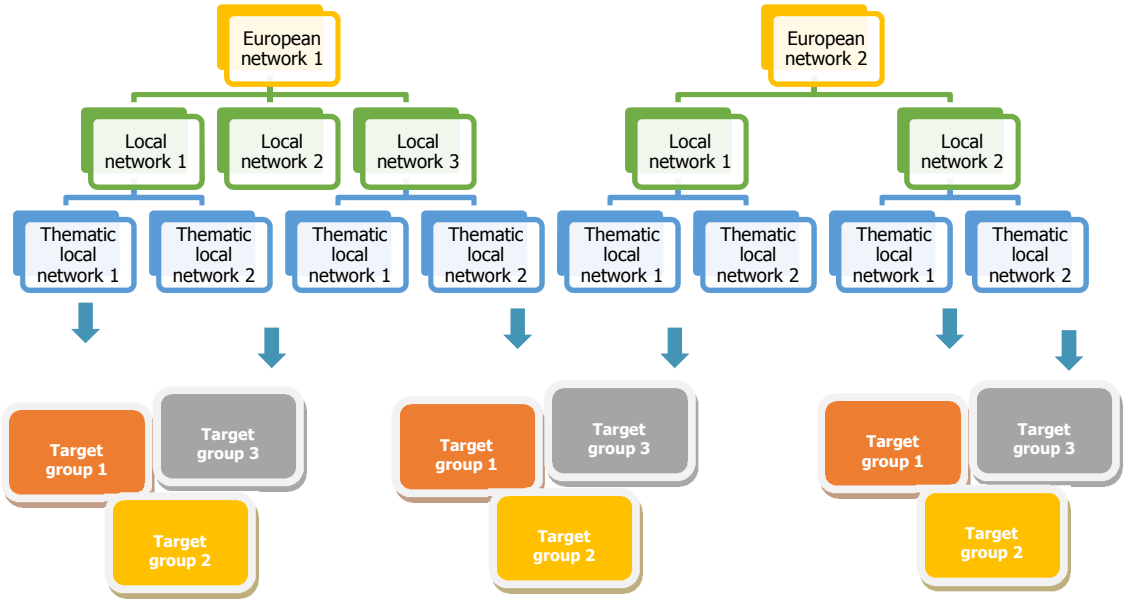
The surveys were available in English, French and German, and accessible via the website: www.crowdfunding4culture.eu.

Outreach through joint efforts with intermediary organisations

In order to disseminate the online surveys as widely as possible, the research team joined forces with all kinds of network organisations. This communication strategy is justified by the fragmented nature of the Crowdfunding for CCS landscape.

The approach was multi-level and addressed the diversity of actors targeted in the project, including the diversity of CCS actors, crowdfunding platforms, other financiers and policy makers.

Figure 87: A network approach to reach end-users



In order to reach all relevant organisations, the consortium developed an extensive contacts database. The database contains contact details of more than 1,500 CCS organisations, crowdfunding platforms and other types of financiers, Creative Europe Desks and other relevant actors in the field of crowdfunding for CCS.

Those organisations have been approached by the research team via direct mailing (including reminder mails), or by linking up through personal contacts or social media, to promote the surveys. As an incentive to share the project and surveys, the research team offered (intermediary) organisations the opportunity to become partners in actively disseminating the surveys to their network of contacts, when they did a direct mailing to their network about our surveys or promoted it on their website.[154] 18 partnerships have been set up, among which we have both European network organisations, such as NEMO, ENCATC, ERRIN or Culture-Agora, and individual organisations that are related to CCS crowdfunding (crowdfunding platforms, other CCS investors, supporting institutions). The partners' logos appear on the home page of the website www.crowdfunding4culture.eu.

Survey launch and response rates

The surveys were launched in April (survey towards cultural and creative professionals/organisations) and May (other three surveys) 2016, and remained open until the end of February 2017.

The number of survey responses that were submitted, were as follows:

- CCS survey: 565 responses;
- Backers survey: 678 responses;
- Policy Makers survey: 75 responses;
- Platforms' survey: 70 responses.

2.5. Case studies and show cases

To further collect more detailed qualitative insights in specific mechanisms of CCS crowdfunding, 12 in-depth case studies and 6 show cases have been elaborated. The aims of the case studies and show cases are to:

- analyse and illustrate relevant interesting practices with regard to CCS crowdfunding; and
- analyse in-depth public-private/private-private partnerships and existing examples of combinations of crowdfunding with other types of finance or services that support access to finance for CCS, and how they can lead to the further uptake of crowdfunding by the CCS in Europe.

Success factors and learning lessons have been sought and linked to the rationale(s) underlying the CCS crowdfunding models and partnerships.

The information from the case studies and show cases complement the mapping of crowdfunding for CCS in Europe. The value added by the case studies and show cases is to capture insights that are difficult to grasp with other methods. In particular, behavioural aspects (motivations, barriers and drivers, impact of collaboration, etc.) are being analysed in the case studies and show cases, and practices being highlighted, as to derive lessons learnt.

To ensure consistency in the analysis of the case studies across the research team, case study guidelines and a case study template have been developed.

Box 32 provides an overview of the different case studies and show cases that have been done. The cases have been categorised in four different topical areas:

- matchfunding practices;
- platform partnerships;

[154] Partnerships have been offered since September 2016.

- building a Backers' community; and
- campaign examples

We refer to the case studies' report for the full text case reports. All cases can also be consulted on the Crowdfunding4Culture website.

Box 32: List of case studies and show cases

In-depth case studies		
Act4Greece	Matchfunding Practice	Greece
TousNosProjets	Platform partnership	France
MyMicroInvest	Platform partnership	Belgium
Voordekunst	Platform partnership	Netherlands
Seedrs	Platform partnership	UK
Goteo	Matchfunding Practice	Spain
CrowdCulture	Matchfunding practice	Sweden
Nordstarter	Platform partnership	Germany
Kickstarter	Building a backer's community	US
Art Basel Crowdfunding	Building a backer's community	Switzerland
Hooandja/Fundwise	Platform partnership	Estonia
TIM WITHYOUWEDO	Matchfunding Practice	Italy

Show cases		
Nationaal Ballet Nederland	Campaign example	Netherlands
O senhor do adios	Campaign example	Portugal
NESTA	Matchfunding Practice	UK
Rocking 1000	Campaign example	Italy
Bank Austria Art Award	Platform Partnership	Austria
Digventures	Building a Backers' Community	UK

2.6. Expert workshops on final Action Plan

To further reflect upon and validate the results of the analysis, as well as to discuss potential areas of action for policy makers to bring crowdfunding for CCS in Europe forward, two workshops have been organised which involved 15 experts each, covering the broad spectrum of the CCS Crowdfunding community. Participants represented organisations from the following spheres:

- Crowdfunding;
- CCS;
- Policy-making; and
- Other finance (private banking and investment representatives)

The list of participants to both workshops can be found in Table 12.

Table 12: Participants list expert workshops

Participants Workshop 1	Participants Workshop 2

Name	Organisation	Name	Organisation
Piet Callens	Hefboom	Markus Sauerhammer	Startnext
Margaret Mulligan	EBN Innovation Network	Marko Gregovic	BRODOTO social enterprise
Lola Merveille	TousNosProjet / BPI France	Alicja Paszek	European Cultural Foundation
Jonas Wechsler	DoNxt	Robert Boeschoten	University of Amsterdam
Loukas Spanos	ACT4Greece	Anders Rykkia	University of Norway
Virginie Civrais	St'Art Invest	Rosa Pérez Monclús	Culture Action
Valentina Polylas	Regione Emiglia-Romagna	Isabel Jansen	Nordstarter
Marina Petrovic	UNDP	Rita Degraeve	Flemish Dept Culture
Sam Mitchell	Nesta	Vincent Rouzé	Unversité Paris 8
Michiel Vanhove	Hello Bank	Joost Heinsius	Values of Culture
Emma Fau	Business Angels Europe	Emma Fau	Creative Business Cup
Laetitia van de Walle	IETM	Laetitia van de Walle	IETM
Roy Cremers	Voordekunst	Minke De Smet	Gingo
Edouard Meier	KissKissBankBank	Tom Blight	Gingo
Arnaud Burgot	Ulule	Podromos Tsjavos	Onassis
Research team		**Research team**	
Isabelle De Voldere	IDEA Consult	Isabelle De Voldere	IDEA Consult
Pierre Padilla	IDEA Consult	Kleitia Zeqo	IDEA Consult
Kathrin Kohl	European Crowdfunding Network	Oliver Gajda	European Crowdfunding Network

Workshop 1, held on 25th October 2016 at the IDEA Consult premises in Brussels, **focused on policy actions to overcome fragmentation of CCS crowdfunding at European level** (covering options of a European one-stop-shop). Organised as a focus group, the expert panel discussed and refined a list of preliminary statements in view of the upcoming crowdsourcing (for validation, comments, rejection) through a DISCUTO Dialogue (see also next paragraph).

In line with the fragmentation dimensions identified through desk research, interviews and the associated brainstorming sessions held internally to the consortium, the following working sessions were organised during the workshop:

- Round Table 1 – Connecting communities by awareness and trust creation
- Round Table 2 – Linking communities through match-funding
- Round Table 3 – Setting up a European website

Groups of a maximum of 5 participants were assembled to discuss and refine each statement falling under each of the above round table sessions.

Following up on this first workshop, a list of 28 statements to overcome fragmentation was finalised to be shared with the wider CCS crowdfunding community through the crowdsourcing tool DISCUTO (see section below).

Workshop 2, held on 2nd March at the IDEA Consult premises in Brussels, **focused on identifying and validating recommendations for potential policy actions to facilitate the use of crowdfunding in CCS**.

The expert panel discussed the overall findings of the report analysis and reflected upon proposals for Action that follow from this study (including statements from Workshop 1 validated with CCS crowdfunding community through crowdsourcing).

The aim of the workshop was two-fold: validation and forward-looking input:

- The expert panel discussed and validated the findings from the literature, interviews, surveys and case studies combined in a consistent cross-cutting analysis;
- In the forward-looking perspective, policy implications were discussed and recommendations for an action plan designed.

Credit: IDEA Consult, 2016

The workshop was a precious source of identifying and formulating the most pressing policy actions.

Figure 88: Five areas for policy action validated during the workshop

Based on the workshop discussions, the research team refined the proposed actions into 23 options for policy action covering five different areas, each area of action containing 3 to 6 possible options. Those statements were uploaded on DISCUTO for public discussion with the whole CCS crowdfunding community (see next section).

2.7. Crowdsourcing

To enable the whole CCS crowdfunding community across Europe to reflect upon and validate the proposed actions from the workshops, a crowdsourcing tool was used so as to allow participants to:

a) validate policy statements by voting on their preferred actions; and/or

b) improve statements through comments and suggestions.

Crowdsourcing is an interesting tool to insource knowledge and expertise from a highly diverse community, including the CCS, crowdfunding platforms and backers, as well as policy makers, researchers and interested citizens. We used the platform DISCUTO.IO[155] to crowdsource the action plans. DISCUTO is a specialised documents sharing online platform, with user friendly features for comments, amendments and analysis.

Acting as an online public consultation, Crowdsourcing provided the research team with the latest updates on the sector. It also allowed members to interact, discuss and provide feedback on the state of play of crowdfunding for the CCS. Apart from providing a matching ground for interested stakeholders, overall it acted as a "reality check" for the study work and provided validation of recommendations.

The four target groups at the core of this study were invited to contribute and express their opinions on the recommendations/suggested policy actions. Around 1,400+ unique contacts, gathered through the research of this study, were invited to participate in the online discussion.

For this study, two discussions where launched through crowdsourcing: one following statements validated in Workshop 1 on overcoming CCS crowdfunding fragmentation, and one following the statements validated in Workshop 1 on potential policy actions to facilitate the use of CCS crowdfunding. Both discussions were promoted online and through bilateral contacts.

Crowdsourcing discussion 1 "Kickstart a Crowdfunding Community for culture in Europe"[156] was launched between 25th November and 21st December 2016. The discussion gathered 47 external participants who provided a total of 644 votes and 126 comments on the initial and changed statements.

Crowdsourcing discussion 2 "Policy Action proposals to facilitate the use of Crowdfunding for Culture"[157] was launched between 9th and 31st March 2017. A total of 170 external participants were listed[158], who provided a total of 611 votes and 175 comments.

We refer to Annex 5/ for a detailed description of the process and outcome of the second crowdsourcing discussion.

2.8. Outreach to CCS crowdfunding community

Next to engaging the different stakeholder groups in the project to actively participate in the study through the surveys, interviews, etc., the research team also reached out to the CCS crowdfunding community by:

- sharing information and insights on crowdfunding to CCS actors: what is crowdfunding, which platforms are out there to host a CCS campaign, how could crowdfunding be used for the benefit of the CCS, how have other CCS actors ran a successful campaign, etc. From the survey results, it became clear that it is exactly this kind of information that would help CCS actors to make better use of crowdfunding or to run a crowdfunding campaign; and
- providing input to policy makers to allow them to make an informed decision on whether or not to take (additional) policy measures to stimulate crowdfunding for the CCS and if so, which policy initiatives they could possibly undertake.

To support these outreach activities, a project website (www.crowdfunding4culture.eu) has been set up, as well as targeted communication actions online and offline through social media, direct mailing and presentations at

[155] See https://www.discuto.io/

[156] https://www.discuto.io/en/consultation/15041

[157] https://www.discuto.io/en/consultation/18069

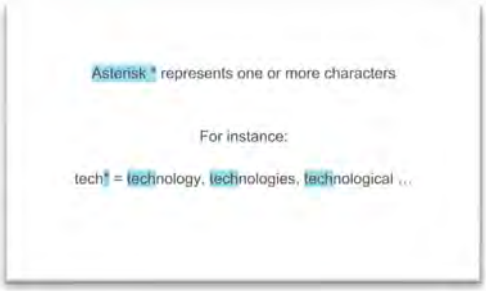
[158] Note: the DISCUTO page showcases a higher number of participants which actually accounts for the CBASED and IDEA Consult accounts. The discussion on the crowdfunding community for culture saw 177 participants, of which 7 came out of the consortium (i.e. IDEA Consult and CBASED), leaving the number of project "*external participants*" at 170.

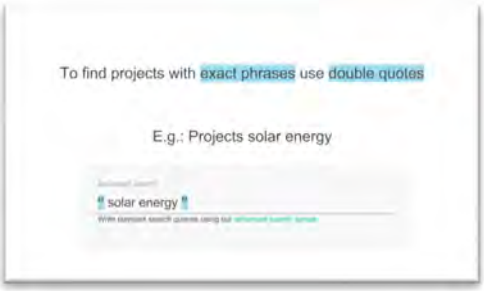
conferences and seminars. At the end of the project (June 2017), a final conference was organised in Brussels, with around 200 participants from across Europe.

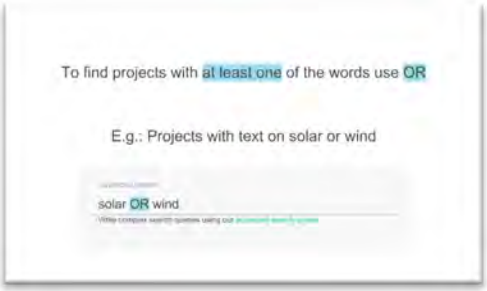
We refer to Annexes 6/ and 7/ for further information about the conference and supporting communication material.

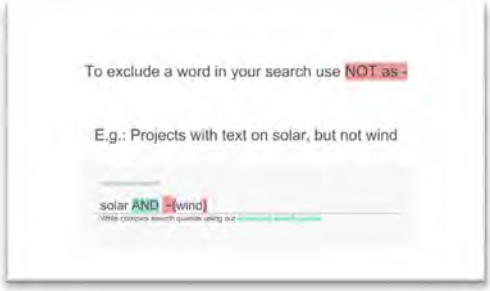
3/ Crowdsurfer filters

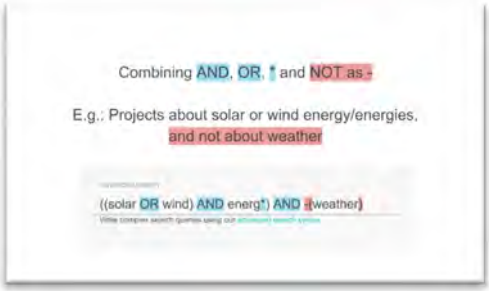
Campaigns can be filtered using keywords which relate to the areas of interest. Advanced searches have been conducted by grouping keywords using logical expressions to create a query. Below is a quick guide covering the main queries used to construct such searches. To learn more about logical expressions view Crowdsurfer's detailed guide.











While grouping keywords using logical expressions to create a filter, we noticed that campaigns falling outside the scope of our study would use similar terminology to the ones used by creatives. In order to make the filters as relevant as possible, key words were used to exclude certain irrelevant campaigns from the dataset (i.e. all key word coming after the minus part of the filte)

Filter1: Visual arts

(ceramic* OR drawing* OR illustration* OR paint* OR painting* OR artwork OR pottery OR portrait OR photograph* OR (art* AND (engraving OR etching OR printmaking OR drypoint OR Lithography OR woodcut OR mezzotint OR acquatint OR tint OR carving OR fretwork OR enamel OR craft OR crafts)) OR Typograph* OR (graphic* AND designer*) OR (art AND director*) OR graffiti* OR poster* OR billboard* OR (3D AND art) OR "performance art" OR "installation art" OR "conceptual art" OR ((art OR gallery) AND exhibition) OR (art AND (gallery OR biennial OR biennale)) OR photo*) AND ***-****(TV OR film* OR video OR movie* OR game* OR gaming OR book* OR beer* OR wine OR brew* OR vineyard OR food* OR sound OR Distillery OR chocolate* OR alcohol OR drink* OR "drawing down" OR Housers OR Privalore OR design OR "e-commerce" OR "photo-sharing" OR "photo sharing" OR ((photo* OR image*) AND (print* OR frame* OR printing OR deliver* OR produc*) AND (laptop OR computer OR phone OR service OR tech* OR platform OR web OR app OR company)) OR ecommerce OR tripod* OR (((photo* OR image*) AND volt) OR photov*) OR ((solar OR wind) AND (panel* OR energ*)) OR pub* OR tee OR "t-shirt" OR photon*) AND -(category: (tech* OR business OR manufacturing OR health* OR sport* OR medicine OR fashion OR retail)) AND -(class: property)*

Filter 2: Performance arts (including live shows)

(Theatre* OR theater* OR actor* OR actress* OR comedian* OR opera OR broadway OR ballet* OR dance* tango* OR salsa OR merengue OR samba OR capoeira OR (tab AND danc*) OR swing OR (Irish AND dance) OR ballroom OR jamming OR festival OR ((comedy OR drama OR romance OR tragedy OR live) AND (performan* OR stage OR show OR play OR music OR concert OR festival) OR musical)) AND ***-****(TV OR film* OR movie* OR game* OR photo* OR book* OR health OR music OR radio OR tour) AND -(category: (design))*

Filter 3: Design

(fashion OR "fashion design" OR clothing OR costume OR shoe OR shoes OR garment OR garments OR footwear OR ((hair OR cloth*) AND accessor*) OR handbags OR eyewear OR "hand fans" OR (umbrella AND rain) OR ((wallet OR tie OR ties) AND (leather OR fabric OR design)) OR sword OR jacket* OR boot OR boots OR cravat OR hats OR belts OR suspenders OR glove* OR jewl* OR (mosaic* AND (ceramic OR plastic OR cement OR paint)) OR (watch* AND design) OR shawl OR scarf OR scarves OR sock* OR ((furniture* OR interior OR 3D OR "data visualisation") AND design) OR (design AND (illustrator OR illustration OR "visual representation"))) AND ***-****(app OR finance OR beer* OR game* OR gaming OR film* OR video* OR movie* OR health OR beauty OR "to watch" OR energy OR music* OR retail* OR marketplace OR tech* OR education OR (illustration AND book)) AND -(class: property)*

Filter 4: Music

((music* OR ((music* OR band OR song* OR album* OR artist* OR sound* OR tour* OR songwriter* OR style) AND (melod* OR video OR clip* OR record* OR instrument* OR album OR orchestra OR composer OR string OR guitar* OR violin* OR viola OR cello OR brass OR flute* OR percussion OR composer OR choirs OR vinyl OR song* OR tapes OR classic OR CD OR folk OR pop OR rock OR punk OR choir* OR r&b OR concert* OR singer* OR band* OR gig OR rap OR rapper OR jazz OR hiphop OR "hip hop" OR copyright* OR publish* OR genr*))) AND ***-****(app OR streaming OR food* OR drink* OR film* OR TV* OR phone OR wearable* OR watch* OR theater OR theatre OR headphone* OR photograph* OR earphone* OR symphony OR sonata OR design OR game* OR novel OR writing* OR book* OR photos OR photo OR festival OR perform* OR opera OR (live AND perform* OR concert) OR cinema* OR "live perform*" OR concert OR tour*)) OR bandbackers*

Filter 5: TV, Film & Radio

((Film* OR movie* OR "motion picture" OR video OR miniserie* OR TV OR "reality show" OR documentar* OR ((Film* OR movie* OR video*) AND (subtitle OR actor* OR actress* OR comedy OR drama OR animation OR casting OR cinema* OR "script writer" OR director OR production OR distribution)) OR (images AND recorded AND speech) OR (images AND recorded AND music)) AND -(memoir* OR book* OR drone OR CCTV OR LeihDeinerUmweltGeld OR (music AND video) OR musical OR album OR CD OR game* OR food* OR drink* OR health OR surgical OR surgeon OR medical OR (video AND conferenc*) OR retail OR magazine OR app OR platform OR equipment OR stabiliser*) AND -(class: property) AND -(category: (tech* OR design))) OR ((radio OR "radio station" OR "radio broadcasting" OR "internet radio" OR "radio show" OR "radio channel" OR (radio AND channel) OR (digital AND radio) OR podcast*) AND **-***(energy OR hospital OR med* OR doctor* OR (radio AND frequency) OR film* OR video* OR movie* OR Vulpine OR RPS OR hardware OR game* OR exaget OR Elysia OR book* OR patricia OR album OR device OR wearable OR hardware OR design*))*

Filter 6: Literature, books and press

(Literature OR "short story" OR "e-book" OR "e-books" OR "ebook" OR "ebooks" OR poetry OR micropublishing OR journalism OR magazine OR journal* OR newspaper* OR ((novel OR novels OR drama OR satire OR lyric OR fiction OR poem OR translation* OR illustrat*) AND (book* OR publish* OR writ* OR literature)) OR (book* AND (publish OR writ* OR comic* OR read* OR literature))) AND -(class:property) AND -(category: (camera OR hardware OR web* OR tech* OR app*)) AND **-***(charit* OR game* OR film* OR video* OR music OR booking OR food OR lamp OR (poetry AND slam) OR "to book" OR bookkeeping OR (book AND (loan OR order OR keeping)) OR photography OR app OR startup OR masters OR university OR research OR scholarship OR teaching OR travel OR tech* OR retail OR software OR ecommerce OR "e commerce" OR "e-commerce" OR festival*)*

Filter 7: Video Games

(((electronic OR online OR mobile OR app OR application OR VR OR "virtual reality" OR arcade) AND (game* OR gaming)) OR (video* AND game* AND console*) OR playstation OR xbox OR Nintendo) AND **-***(card OR boardgame OR "board game" OR (outdoor AND game) OR TV OR film* OR movie* OR documentar* OR NFL) AND -(category: ((wearable OR music) OR (tech* AND sound*)))*

Filter 8: Heritage

((((heritage OR historic* OR antique OR conservation OR ancient OR prehistory OR archaeolog* OR excavation OR preservation) AND (building OR monument* OR museum* OR industrial OR record OR site* OR librar* OR landscape OR script* OR coin* OR manuscript* OR shipwreck OR mosaic* OR ruin OR rituals OR collection* OR exhibit*)) OR ((digital OR online) AND archive*) OR archaeology) AND **-***(food* OR drink* OR publish* OR movie* OR film* OR documentar* OR video* OR photograph* OR photo OR tech* OR app* OR fashion OR relief OR music OR comic* OR novel* OR sequel OR artbook OR (university AND degree*) OR theatre OR theater OR theatrical OR scholarship*) AND -(category: (politic*))) OR dartagnans*

Filter 9: Architecture

((urban AND (design OR plan)) OR ((building* OR landscape OR garden OR bridge OR house* OR flat*) AND (design* OR engineer* OR redesign* OR plan* OR reconstruct* OR redevelop* OR develop* OR architect*))) AND -(class:property) AND -(Abundance OR ArchOver OR ReBuildingSociety OR "Invest & Fund" OR book OR (Master* AND study) OR (master* AND degree*) OR (master AND universit*) OR "Saving Stream" OR "Angels Den") AND **-***(category: (game* OR manufactur* OR engineer* OR property OR (internet AND business) renewable OR energy OR education OR photo* OR politic* OR music))*

Filter 10: Cultural and Creative Sectors

((ceramic* OR drawing* OR illustration* OR paint* OR painting* OR artwork OR pottery OR portrait OR photograph* OR (art* AND (engraving OR etching OR printmaking OR drypoint OR Lithography OR woodcut OR mezzotint OR acquatint OR tint OR carving OR fretwork OR enamel OR craft OR crafts)) OR Typograph* OR (graphic* AND designer*) OR (art AND director*) OR graffiti* OR poster* OR billboard* OR (3D AND art) OR "performance art" OR "installation art" OR "conceptual art" OR ((art OR gallery) AND exhibition) OR (art AND (gallery OR biennial OR biennale)) OR photo*) AND -(TV OR film* OR video OR movie* OR game* OR gaming OR book* OR beer* OR wine OR brew* OR vineyard OR food* OR sound OR Distillery OR chocolate* OR alcohol OR drink* OR "drawing down" OR Housers OR Privalore OR design OR "e-commerce" OR "photo-sharing" OR "photo sharing" OR ((photo* OR image*) AND (print* OR frame* OR printing OR deliver* OR produc*) AND (laptop OR computer OR phone OR service OR tech* OR platform OR web OR app OR company)) OR ecommerce OR tripod* OR (((photo* OR image*) AND volt) OR photov*) OR ((solar OR wind) AND (panel* OR energ*)) OR pub* OR tee OR "t-shirt" OR photon*) AND -(category: (tech* OR business OR manufacturing OR health* OR sport* OR medicine OR fashion OR retail)) AND -(class: property)) OR ((Theatre* OR theater* OR actor* OR actress* OR comedian* OR opera OR broadway OR ballet* OR dance* tango* OR salsa OR merengue OR samba OR capoeira OR (tab AND danc*) OR swing OR (Irish AND dance) OR ballroom OR jamming OR festival OR ((comedy OR drama OR romance OR tragedy OR live) AND (performan* OR stage OR show OR play OR music OR concert OR festival) OR musical)) AND -(TV OR film* OR movie* OR game* OR photo* OR book* OR health OR music OR radio OR tour) AND -(category: (design))) OR ((fashion OR "fashion design" OR clothing OR costume OR shoe OR shoes OR garment OR garments OR footwear OR ((hair OR cloth*) AND accessor*) OR handbags OR eyewear OR "hand fans" OR (umbrella AND rain) OR ((wallet OR tie OR ties) AND (leather OR fabric OR design)) OR sword OR jacket* OR boot OR boots OR cravat OR hats OR belts OR suspenders OR glove* OR jewl* OR (mosaic* AND (ceramic OR plastic OR cement OR paint)) OR (watch* AND design) OR shawl OR scarf OR scarves OR sock* OR ((furniture* OR interior OR 3D OR "data visualisation") AND design) OR (design AND (illustrator OR illustration OR "visual representation"))) AND -(app OR finance OR beer* OR game* OR gaming OR film* OR video* OR movie* OR health OR beauty OR "to watch" OR energy OR music* OR retail* OR marketplace OR tech* OR education OR (illustration AND book)) AND -(class: property)) OR (((music* OR ((music* OR band OR song* OR album* OR artist* OR sound* OR tour* OR songwriter* OR style) AND (melod* OR video OR clip* OR record* OR instrument* OR album OR orchestra OR composer OR string OR guitar* OR violin* OR viola OR cello OR brass OR flute* OR percussion OR composer OR choirs OR vinyl OR song* OR tapes OR classic OR CD OR folk OR pop OR rock OR punk OR choir* OR r&b OR concert* OR singer* OR band* OR gig OR rap OR rapper OR jazz OR hiphop OR "hip hop" OR copyright* OR publish* OR genr*))) AND -(app OR streaming OR food* OR drink* OR film* OR TV* OR phone OR wearable* OR watch* OR theater OR theatre OR headphone* OR photograph* OR earphone* OR symphony OR sonata OR design OR game* OR novel OR writing* OR book* OR photos OR photo OR festival OR perform* OR opera OR (live AND perform* OR concert) OR cinema* OR "live perform*" OR concert OR tour*)) OR bandbackers) OR (((Film* OR movie* OR "motion picture" OR video OR miniserie* OR TV OR "reality show" OR documentar* OR ((Film* OR movie* OR video*) AND (subtitle OR actor* OR actress* OR comedy OR drama OR animation OR casting OR cinema* OR "script writer" OR director OR production OR distribution)) OR (images AND recorded AND speech) OR (images AND recorded AND music)) AND -(memoir* OR book* OR drone OR CCTV OR LeihDeinerUmweltGeld OR (music AND video) OR musical OR album OR CD OR game* OR food* OR drink* OR health OR surgical OR surgeon OR medical OR (video AND conferenc*) OR retail OR magazine OR app OR platform OR equipment OR stabiliser*) AND -(class: property) AND -(category: (tech* OR design))) OR ((radio OR "radio station" OR "radio broadcasting" OR "internet radio" OR "radio show" OR "radio channel" OR (radio AND channel) OR (digital AND radio) OR podcast*) AND -(energy OR hospital OR med* OR doctor* OR (radio AND frequency) OR film* OR video* OR movie* OR Vulpine OR RPS OR hardware OR game* OR exaget OR Elysia OR book* OR patricia OR album OR device OR wearable OR hardware OR design*))) OR ((Literature OR "short story" OR "e-book" OR "e-books" OR "ebook" OR "ebooks" OR poetry OR micropublishing OR journalism OR magazine OR journal* OR newspaper* OR ((novel OR novels OR drama OR satire OR lyric OR fiction OR poem OR translation* OR illustrat*) AND (book* OR publish* OR writ* OR literature)) OR (book* AND (publish OR writ* OR comic* OR read* OR literature))) AND -(class:property) AND -(category: (camera OR hardware OR web* OR tech* OR app*)) AND -(charit* OR game*

OR film* OR video* OR music OR booking OR food OR lamp OR (poetry AND slam) OR "to book" OR bookkeeping OR (book AND (loan OR order OR keeping)) OR photography OR app OR startup OR masters OR university OR research OR scholarship OR teaching OR travel OR tech* OR retail OR software OR ecommerce OR "e commerce" OR "e-commerce" OR festival*)) OR ((Micropublish* OR (blog* AND (create OR publish OR write OR edit)) OR (book* AND (edit* OR print* OR distribut* OR publish))) AND -(category: (tech* OR web* OR app* OR game* OR gaming)) AND -(notebook OR "to book" OR bookkeeping)) OR ((((electronic OR online OR mobile OR app OR application OR VR OR "virtual reality" OR arcade) AND (game* OR gaming)) OR (video* AND game* AND console*) OR playstation OR xbox OR Nintendo) AND -(card OR boardgame OR "board game" OR (outdoor AND game) OR TV OR film* OR movie* OR documentar* OR NFL) AND -(category: ((wearable OR music) OR (tech* AND sound*)))) OR (((((heritage OR historic* OR antique OR conservation OR ancient OR prehistory OR archaeolog* OR excavation OR preservation) AND (building OR monument* OR museum* OR industrial OR record OR site* OR librar* OR landscape OR script* OR coin* OR manuscript* OR shipwreck OR mosaic* OR ruin OR rituals OR collection* OR exhibit*)) OR ((digital OR online) AND archive*) OR archaeology) AND -(food* OR drink* OR publish* OR movie* OR film* OR documentar* OR video* OR photograph* OR photo OR tech* OR app* OR fashion OR relief OR music OR comic* OR novel* OR sequel OR artbook OR (university AND degree*) OR theatre OR theater OR theatrical OR scholarship*) AND -(category: (politic*))) OR dartagnans)

4/ List of Platforms Identified for Crowdsurfer Dataset

Platform	Active?	Present on Crowdsurfer?	Current Status	Country
100-days	Yes	Yes	Data available	Switzerland
100Fans	Yes	Yes	Data available	Germany
4just1	Yes	Partial	Data captured, however recently restricted	Netherlands
Addact	Yes	No	Data available	Germany
Akastarter	No	Yes	Data available	Belgium
Adjukossze	Yes	Yes	Data available	Hungary
ArkDonate	Yes	Yes	Data available	United Kingdom
Art Happens	Yes	No	No Data Available	United Kingdom
Art:I:curate	Yes	No	Data available	United Kingdom
Babeldoor	Yes	Yes	Data available	France
Bandbackers	Yes	No	Data available	Italy
BC Kickstart	Yes	Yes	Data available	United Kingdom
Beat Delete	No	Partial	Partial	United Kingdom
Becrowdy	Yes	Yes	Data available	Italy
Bgining	No	Yes	Data available	
Bidra	Yes	Yes	Data available	Norway
Bloom venture catalyst	Yes	Yes	Data available	United Kingdom
Boekensteun	Yes	Partial	Partial	Belgium
BookaBook	Yes	Partial	Partial	Italy
Bookly Editions	Yes	Partial	Partial	France
Boomerang	Yes	Yes	Data available	Denmark
Born	Yes	No	Data available	United Kingdom
Buona Causa	Yes	Yes	Data available	Italy
BuzzBnk	Yes	Yes	Data available	United Kingdom
Celluloid Angels	Yes	No	No Data Available	United Kingdom
Cinecrowd	Yes	Yes	Data available	Netherlands
Cineama				Italy
CINEDIME	Yes	Yes	Data available	Germany
Collectim	No	Yes	Data available	Bulgaria
Com-Unity.com	Yes	Yes	Data available	Italy
Coopfunding	Yes	Yes	Data available	Spain

CORRECT!V	Yes	Partial	Partial	Germany
Cowfunding	Yes	Partial	Data captured, however recently restricted	France
Creative Selector	Yes	Yes	Data available	Hungary
Crestem Idei	Yes	No	Data available	Romania
CROFUN	Yes	Yes	Data available	Belgium
Crowd4Art	No	Yes	Data available	United Kingdom
Crowdarts	Yes	No	Data available	Italy
Crowdbooks	Yes	Yes	Data available	Italy
CrowdCanDo	No	No	No Data Available	United Kingdom
Crowdculture	Yes	No	Insufficient data	Sweden
Crowdfans	No	No	No Data Available	Germany
Crowdfund Cornwall	Yes	Yes	Data available	United Kingdom
Crowdfunder	Yes	Yes	Data available	United Kingdom
Crowd'in	Yes	Yes	Data available	Belgium
CrowdPatch	Yes	Yes	Data available	United Kingdom
CrowdShed	No	Yes	Data available	United Kingdom
CrowdTrader	Yes	No	No Data Available	Germany
Crowdyhouse	Yes	No	No Data Available	Netherlands
Culture Time	Yes	No	No Data Available	France
DanceFunder	No	Yes	Partially	United Kingdom
Dartagnans	Yes	Partial	Data captured, however recently restricted	France
Deepr Journalism	No	No	No Data Available	Germany
Derev	Yes	Yes	Data available	Italy
Design & Law	Yes	No	Data available	Spain
Donxt	Yes	No	Data available	Switzerland
Dresden Durchstarter	Yes	Yes	Data available	Germany
DutchDesignStarter	No	No	No Data Available	Netherlands
Eppela	Yes	Partial	Data captured, however recently restricted	Italy
Eventudu	Yes	Yes	Data available	Poland
Everfund	Yes	No	Data available	Czech Republic
Fairpiece	No	No	Insufficient data	Germany
Fidalo	No	No	No Data Available	Italy
Filmkraut	No	No	No Data Available	Germany
For Italy	Yes	Yes	Data available	Italy

Fromlab	No	No	No Data Available	Spain
Fund It	Yes	Partial	Data captured, however recently restricted	Ireland
Fundervine	No	Yes	Data available	United Kingdom
Fundlike	No	No	No Data Available	Spain
Fundsurfer	Yes	Partial	Data captured, however recently restricted	United Kingdom
Geeferom	Yes	Yes	Data available	Netherlands
Gigfarm	Yes	No	Insufficient data	Italy
Gigflip	Yes	Partial	Data captured, however recently restricted	Germany
Ginger	Yes	No	No Data Available	Italy
Global Rockstar	Yes	No	No Data Available	Austria
Gokillo	No	Yes	Data available	Germany
Goteo	Yes	Yes	Data available	Spain
Groopio	No	Yes	Partial	Greece
Gwenneg	Yes	No	No Data Available	France
Gynny	Yes	No	No Data Available	Germany
HelloAsso	Yes	No	Data available	France
HelloCrowd	Yes	No	No Data Available	Belgium
Hithit	Yes	Yes	Data available	Czech Republic, Slovakia
Hooandja	Yes	Yes	Data available	Estonia
Hubbub	Yes	Yes	Data available	United Kingdom
IAmLaMode	Yes	Yes	Data available	France
iCrowdFund	No	No	No Data Available	Ireland
Idea Factory	No	No	Data available	Belgium
Indiegogo	Yes	Yes	Data available	US
Inicat	Yes	No	Insufficient data	Germany
Inkubato	No	Yes	Data available	Germany
Innamorati della Cultura	Yes	No	Data available	Italy
Invesdor	Yes	Yes	Data available	Finland
Iodono.com	Yes	No	Data available	Italy
J'adopte un projet	Yes	Yes	Data available	France
Katalyzátor	No	No	Data available	Czech Republic
Kengo	Yes	Yes	Data available	France
Kezdheted	No	Yes	Data available	Hungary
Kick off talent	Yes	Yes	Data available	Netherlands

Kickstarter	Yes	Yes	Data available	US-based global platform with branches in Austria, Belgium, Denmark, France, Germany, Ireland, Italy, Luxembourg, Netherlands, Spain, Sweden, United Kingdom
KissKissBankBank	Yes	Yes	Data available	Belgium, France, Luxembourg
Kreativcisobe	Yes	Yes	Data available	Czech Republic
kriticalmass	Yes	Yes	Data available	United Kingdom
Lacourtechelle	No	Yes	Data available	France
Lanzanos	Yes	Yes	Data available	Spain
LEOCrowd	Yes	No	No Data Available	United Kingdom
Libros	Yes	Yes	Data available	Spain
Limoney	Yes	Yes	Data available	Italy
Loveitaly	Yes	No	Data available	Italy
Makerble	Yes	No	Insufficient data	United Kingdom
Makers Bankers	No	No	No Data Available	France
Manymade	Yes	Yes	Data available	Denmark
Massivemov	No	Yes	Data available	Portugal
Megatotal	Yes	Yes	Data available	Poland
mesenaatti.me	Yes	Yes	Data available	Finland
Microcultures	Yes	Yes	Data available	France
Microgenius	No	Yes	Data available	United Kingdom
MiiMOSA	Yes	Yes	Data available	France
Miteinander	Yes	Yes	Data available	Germany
Movies Angels	Yes	No	Data available	France
Multifinantare	Yes	Yes	Data available	Romania
Music Cluster	Yes	Yes	Data available	Czech Republic
MusicRaiser	Yes	Partial	Data captured, however recently restricted	Italy
Musicstarter	Yes	Yes	Data available	Germany
My Art Invest	Yes	Yes	Data available	France, United Kingdom
MyMajorCompany	Yes	Yes	Data available	France
mySherpa	No	Yes	Data available	Belgium
Nakopni.Me	Yes	Yes	Data available	Czech Republic

Newjelly	Yes	Partial	Data captured, however recently restricted	Norway
Newniq	Yes	No	Data available	Germany
Nordstarter	Yes	Yes	Data available	Germany
Odpalprojekt.pl	Yes	Yes	Data available	Poland
OnePlanetCrowd	Yes	Yes	Data available	Netherlands
Oocto	No	Yes	Data available	France
Pentian	Yes	Partial	Data available	Spain
Phundee	Yes	Yes	Data available	United Kingdom
Pick & Boost	Yes	Partial	Data available	France
PlayMob	Yes	Yes	Data available	United Kingdom
Pledgemusic	Yes	No	No Data Available	United Kingdom
Pling	Yes	Yes	Data available	Germany
Podpor	Yes	Yes	Data available	Czech Republic
Polak Potrafi	Yes	Yes	Data available	Poland
Potlatch	Yes	Yes	Data available	Spain
PPL - Orange Bird Lda	Yes	Yes	Data available	Portugal
Primal Edition	No	Yes	Data available	Netherlands
Proarti	Yes	Yes	Data available	France
Produzioni dal Basso	Yes	Yes	Data available	Italy
Projectgeld	No	Yes	Data available	Netherlands
Projektu Banka	Yes	Yes	Data available	Latvia
Projets Loco	Yes	Yes	Data available	France
Proyerto Antares	No	No	No Data Available	Spain
Publico Bene	No	Yes	Data available	Italy
Raizers	Yes	Yes	Data available	Belgium, Denmark, France
Rete Del Dono	Yes	Yes	Data available	Italy
Sandawe	Yes	Yes	Data available	France
Seedrs	No	No	No Data Available	United Kingdom
Sellaband	No	Yes	Data available	Netherlands
Show4Me	Yes	No	No Data Available	United Kingdom
SIAMM	Yes	no	No Data Available	Spain
SideInvest	No	No	No Data Available	Turkey
spacehive	Yes	No	Data available	United Kingdom
Spieleschmiede	Yes	Yes	Data available	Germany
Sponsorkunst	No	No	Insufficient data	Netherlands

Starteed	No	No	No Data Available	Italy
Startnext	Yes	Yes	Data available	Austria, Czech Republic, Germany
Startovač	Yes	no	Restrictive robots	Czech Republic
TakeOff	No	No	No Data Available	Italy
Tilburgvoorcultuur	Yes	No	Data available	Netherlands
Tipeee	Yes	Yes	Data available	France
Totsuma	Yes	Yes	Data available	Spain
Touscoprod	Yes	Yes	Data available	France
Ulule	Yes	Yes	Data available	France, Italy, Spain
Unbound	Yes	Yes	Data available	United Kingdom
United Donations	No	Yes	Data available	France
Valigia Blu	Yes	Yes	Data available	Italy
Venture Giant	Yes	Yes	Data available	United Kingdom
Verkami	Yes	Yes	Data available	Spain
VersPers Crowdpress	Yes	No	Insufficient data	Netherlands
Viele schaffen mehr	Yes	Yes	Data available	Germany
Vision Bakery	Yes	Yes	Data available	Germany
Voordekunst	Yes	Yes	Data available	Netherlands
Wayv	Yes	Yes	Data available	Netherlands
We Are Here	Yes	Yes	Data available	Romania
Wefund	No	Yes	Data available	United Kingdom
Wemakeit	Yes	Yes	Data available	Austria, Germany, Switzerland
World of Crowdfunding	Yes	Yes	Data available	Belgium
World of Mass Development	Yes	No	Insufficient data	United Kingdom
Wowcracy	Yes	Partial	Partial data	United Kingdom
Write that down	Yes	Yes	Data available	Germany
Wspieram	Yes	No	No Data Available	Poland
Wspieramkulture	Yes	No	No Data Available	Poland
Youcan2	Yes	Yes	Data available	Germany
Yournalism	Yes	No	Data available	Netherlands
Zaar	Yes	No	Data available	Malta
Zequs	No	Yes	Data available	United Kingdom

5/ Community validation of the action plan: the DISCUTO Dialogue

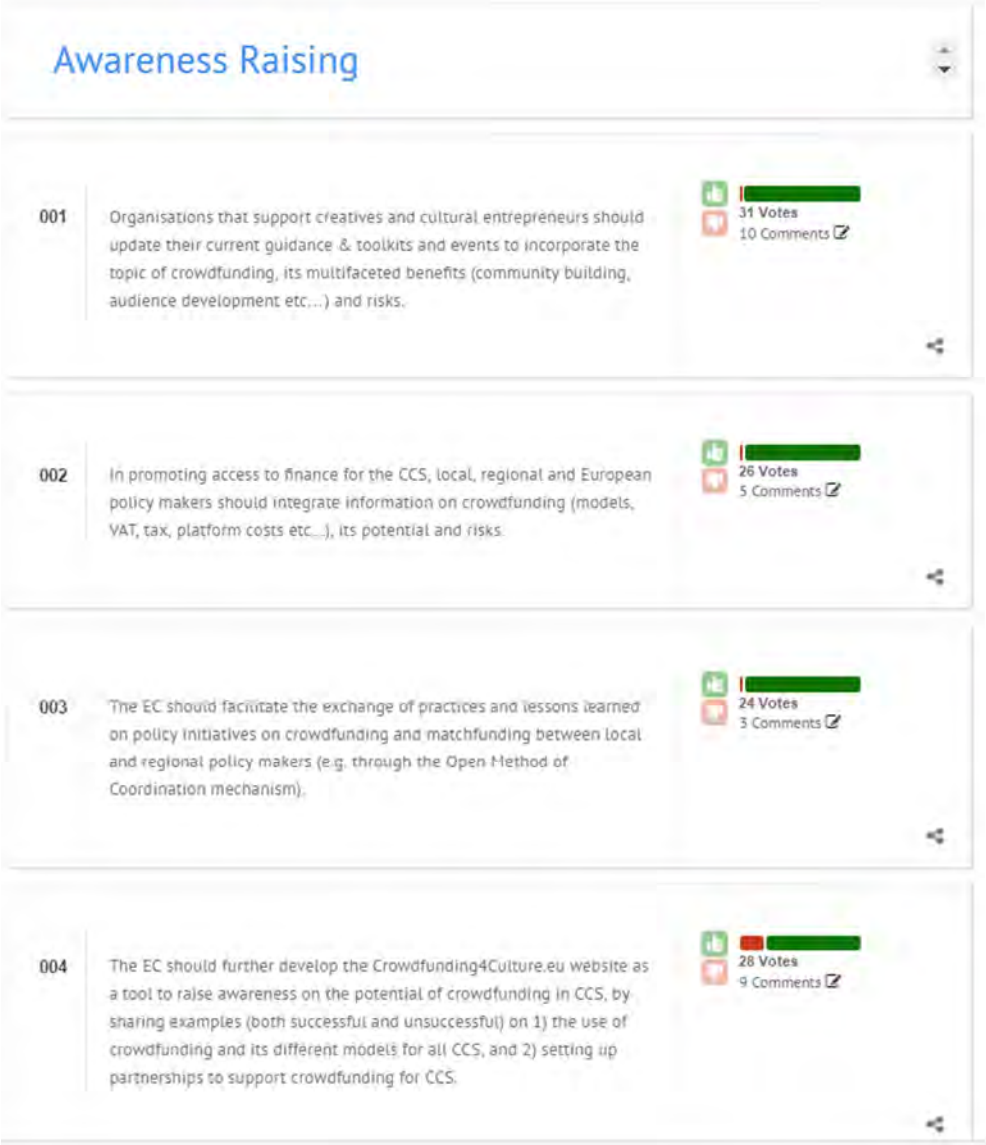
5.1. Process

Following up on the expert workshops and subsequent refinement of the final policy actions by the research team, our consortium launched the DISCUTO dialogue on 9th March 2017 (see https://www.discuto.io/en/consultation/18069). 23 statements were presented to the community for further discussion.

The launch was followed by a communication campaign (social media and direct mailing) to ensure sufficient outreach to the CCS crowdfunding community.

Figure 89 illustrates the different components accessible through the DISCUTO tool from a user point of view. Each participant was provided with the possibility to like, dislike and comment on each statement. Participants also had a dynamic overview of the most recent comments added, a listing of the most active users and a mapping of the most commented statements.

Figure 89: visual of the DISCUTO Dialogue's first 4 Actions



The practical moderation of the dialogue and analysis was managed by the IDEA team. Questions and clarifications were also shared by the team by answering comments and questions from the participants to targeted statements.

5.2. Outreach

While the initial dialogue was launched for a duration of 2 weeks, it was prolonged by one week so as to create a momentum across the community representatives participating in the discussion. Over this period the number of votes (dark green) and comments (light green) rose continuously as shown in Figure 90.

Figure 90: Crowd engagement in the DISCUTO Dialogue

Source: DISCUTO.IO

5.3. Participation

The DISCUTO Dialogue was closed on 4th April 2017 at 23:59. By then, a total of **170 external participants** were listed[159], who provided a total of **611 votes** and **175 comments**.

The votes and comments were spread across the 23 statements, but also across some of the comments made by other participants. 36 votes were cast on comments of others, which brings the total number of votes to 647. The statistics on votes on the page itself (i.e. 611 votes) do not contain the votes on comments, but only on the displayed and changed statements.

The intensity of participation remained balanced across sections (see Figure 91). The breakdown of the votes gives a first impression of how the discussion was perceived by the participants. Overall, 22.4 percent of the 611 votes were negative.

[159] Note: the DISCUTO page showcases a higher number of participants which actually accounts for the CBASED and IDEA Consult accounts. The discussion on the crowdfunding community for culture saw 177 participants, of which 7 came out of the consortium (i.e. IDEA Consult and CBASED), leaving the number of project "*external participants*" at 170.

Figure 91: Paragraphs, votes and comments in the different sections of the discussion

Headlines	# Votes	Positive votes	Negative votes	%negative votes
Awareness Raising	165	136	29	17.6
Trust creation	134	100	34	25.4
Skills	118	82	36	30.5
Matchfunding	94	83	11	11.7
Linking (international) financing communities	100	73	27	27.0
Total	**611**	**474**	**137**	**22.4**

5.4. Analysis

Direct results and observations

Table 13 provides a detailed overview of the results coming out of the DISCUTO Dialogue. It highlights different features of the Dialogue at the first (votes) and second (comments) levels of participation.

In Table 13:

- the column "*#likes*" features the number of positive votes ("*likes*") for each statement;
- the column "*#dislikes*" features the number of negative votes ("*dislikes*") for each statement;
- the column "*#comments*" features the number of comments for each statement;
- the column "*p-value*" features the p-value[160] at the basis of the consensus meter that visually flags needs for changing a paragraph. **A p-value that is larger than 1 indicates that the paragraph should be changed, a value below 1 suggests that it can be left as it is for the discussion.** It does not, however, validate a statement per se, but rather flags urgent need to modify a statement or its formulation; and
- the column "*Total votes*" features the total number of votes for each statement (which consists in adding both "*likes*" and "*dislikes*").

Based on the balance observed between "*likes*" and "*dislikes*" votes (respectively column "*#likes*" and "*#dislikes*"), as well as the number of associated comments, each of the statements has been given a colour to illustrate when:

- it is associated to a highly positive view of the participants (a clear predominance of the positive votes over the negative ones) and little discussion or a high level of positive second-level participation (comments predominantly positive) – statement highlighted in **green**;
- it is associated to a highly or very positive view of the participants (a clear predominance of the positive votes over the negative ones). The comments did suggest to (slightly) modify the action to further increase its impact – statement highlighted in **blue**;

[160] The p-value is a ratio proper to DISCUTO.IO that uses the overall level of agreement to the document of a participant to weight the votes on a particular paragraph. Participants who do not agree with the proposal or document get a low weight in this procedure in order to avoid unbalances that would be due to groups mostly disagreeing with the given proposals or disagreeing out of principle.

- it is associated to a mixed view of the participants (balance found between the number of "*likes*" and the number of "*dislikes*"). Comments are not per se negative, but primarily reflect concerns that should be further reflected upon before formulating any final recommendation – statement highlighted in **orange**; and
- It is associated to a negative view of the participants (a clear predominance or equivalence of the number of negative votes against the positive ones in combination with negative comments) – statement highlighted in **red**.

Table 13: Detailed overview of the statements and associated scores

Potential Policy Actions	#likes	#dislikes	#comments	Votes on comments	p-value	Total votes
Awareness Raising						
1. Organisations that support creatives and cultural entrepreneurs should update their current guidance & toolkits and events to incorporate the topic of crowdfunding, its multifaceted benefits (community building, audience development etc…) and risks.	30	1	10	2	0	31
2. In promoting access to finance for the CCS, local, regional and European policy makers should integrate information on crowdfunding (models, VAT, tax, platform costs etc…), its potential and risks.	25	1	5	1	0	26
3. The EC should facilitate the exchange of practices and lessons learned on policy initiatives on crowdfunding and matchfunding between local and regional policy makers (e.g. through the Open Method of Coordination mechanism).	23	1	3	2	0	24
4. The EC should further develop the Crowdfunding4Culture.eu website as a tool to raise awareness on the potential of crowdfunding in CCS, by sharing examples (both successful and unsuccessful) on 1) the use of crowdfunding and its different models for all CCS, and 2) setting up partnerships to support crowdfunding for CCS.	22	6	9	4	0.106767	28
5. The EC should support the launch of an EU wide CCS crowdfunding prize competition to stimulate and showcase innovative and impactful uses of crowdfunding in the CCS.	15	12	4	4	0.35616	27
6. The EC should facilitate a European conference on crowdfunding 4 culture on a yearly basis, creating a platform of exchange between cultural organisations, platforms, investors, philanthropy organisations like European Cultural foundation, and policy makers.	21	8	11	6	0.161296	29
Trust creation						
7. The EC should stimulate the process of setting up a European quality label for crowdfunding platforms to be initiated by the CCS crowdfunding community.	12	13	10	0	0.435759	25
8. In order to bring transparency and good code of conduct to the industry, the EC should facilitate the creation of an independent observatory that collects and publishes data on the use of crowdfunding (no. of campaigns, amounts raised per model, costs, success rate per platform etc…)	15	12	4	2	0.267885	27
9. The industry should stimulate clear communication by the CF platforms on costs charged to project holders, transparency over the process of due diligence, risks attached to donating or investing through crowdfunding, ownership and partnership structure etc…	27	2	2	2	0.018418	29
10. Member states should develop a regulatory framework that stimulates the use of (different types of) crowdfunding such as f. ex. a favourable tax scheme for crowdlending, tax deduction for crowd-donations, etc…	20	5	14	6	0.115652	25
11. Member States and the EC should provide clear VAT and Tax guidelines for crowdfunding campaigns in the sector.	26	2	6	1	0.021162	28
Skills						
12. Governments (regional and EC) should support incubator type of places where people come together and develop skills on how to get started with crowdfunding.	11	12	13	5	0.355133	23
13. Member States should integrate financial literacy at an early stage in curricula during formal education.	17	8	6	2	0.177798	25

14. The EC should support the development of an access 2 finance tool (similar to the one aimed at start-ups) that provides an integrated overview for the CCS actors on the various sources of finance and the potential financial mix, including crowdfunding.	25	1	2	2	0	26
15. Similar to the Capacity Building programme of the CCS Guarantee Facility, public authorities should facilitate the development of training programmes for financiers and crowdfunding platforms on the specifics of crowdfunding cultural and creative activities.	17	5	8	0	0.090353	22
16. The EC should further develop the Crowdfunding4Culture.eu website as a tool for skills development, through 1) the regular update of the resource repository page and 2) the development of a "How to run a crowdfunding campaign" toolkit tailored to the different creative sectors and crowdfunding models.	12	10	10	3	0.298726	22
Matchfunding						
17. The EC should encourage partnerships between local, national and regional (public or private) funds and crowdfunding platforms to support CCS	29	3	12	4	0.017504	32
18. CCS campaigns with potentially high positive impact on European society (culturally, economically, etc.) should be supported by European funds in the form of matchfunding.	28	3	11	9	0.015732	31
19. The EC should provide guidelines for local authorities and regions on how to set up partnerships with crowdfunding platforms in order to matchfund cultural projects of interest.	26	5	7	2	0.066809	31
Linking (international) financing communities						
20. The EC should identify and tackle the bottlenecks that prevent crowdfunding platforms from developing a pan-European business (including cross border crowdfunding).	28	1	7	3	0	29
21. The EC should encourage investment in crowdfunding by facilitating information sharing between different types of financial actors (crowdfunding platforms, banks, VC, etc).	12	11	4	0	0.330321	23
22. The EC should foster the visibility of successful crowdfunding projects to increase their ability to attract complimentary funding.	15	9	8	0	0.306749	24
23. The EC should incentivize financial institutions to more easily grant a loan to CCS actors that have run a successful crowdfunding campaign.	18	6	9	3	0.113688	24

Refinement of the analysis per statement

In order to complement the visual results presented in Table 13, the following section analyses the comments and puts each actions' votes and comments in perspective.

Awareness Raising

- **Action 1 Organisations that support creatives and cultural entrepreneurs should update their current guidance & toolkits and events to incorporate the topic of crowdfunding, its multifaceted benefits (community building, audience development etc…) and risks.**

30 likes 1 dislike 10 comments

This action was subject to a highly positive consideration from the participants. In the comments as well, all participants showed support to the action and in some cases proposed ways to fine tune it.

It was mentioned that similar initiatives have already started to happen at local level, but the limited capacity of supporting organisations as well as their fragmentation (in terms of autonomy, scope and cultural domains of intervention) in providing guidance was of concern.

When it came to the type of guidance, a participant suggested that the guidance and toolkits should include information on how existing schemes for cultural and creative projects can be used to **co-finance** crowdfunding projects.

- **Action 2 In promoting access to finance for the CCS, local, regional and European policy makers should integrate information on crowdfunding (models, VAT, tax, platform costs etc…), its potential and risks.**

25 likes 1 dislike 5 comments

This action was subject to a highly positive consideration from the participants. In the comments as well, all participants showed support to the action, however difficulties of achieving this at European level where voiced.

A participant questioned whether this responsibility should be dealt with by policy makers rather than crowdfunding platforms themselves.

Another participant suggested that "intervention by national and EU policy makers may include the promotion of initiatives incorporating best practices of crowdfunding".

- **Action 3 The EC should facilitate the exchange of practices and lessons learned on policy initiatives on crowdfunding and matchfunding between local and regional policy makers (e.g. through the Open Method of Coordination mechanism).**

23 likes 1 dislike 3 comments

This action was subject to a highly positive consideration from the participants. The latter welcomed the action, although one participant stated that such action "requires lessons to be learned first", suggesting that without this step the action cannot take place.

- **Action 4 The EC should further develop the Crowdfunding4Culture.eu website as a tool to raise awareness on the potential of crowdfunding in CCS, by sharing examples (both successful and unsuccessful) on 1) the use of crowdfunding and its different models for all CCS, and 2) setting up partnerships to support crowdfunding for CCS.**

22 likes 6 dislikes 9 comments

This action was subject to a highly positive consideration from the participants; however some participants suggested extending the website to include all EC initiatives on financing culture beyond crowdfunding.

One participant suggested that the website should include a "peer-to-peer exchange or 'mentoring' system might be helpful for those hesitating of embarking a crowdfunding endeavour, where the role of the EC could be that of enabling these contacts (mentor-mentoree) and give them visibility."

The need to regularly update the website was a concern raised, as well as the need to appeal to the different stakeholder groups.

- **Action 5 The EC should support the launch of an EU wide CCS crowdfunding prize competition to stimulate and showcase innovative and impactful uses of crowdfunding in the CCS.**

15 likes 12 dislikes 4 comments

As can be seen by the number of *"likes"* and *"dislikes"* this action was not as popular as the previous ones. Although the majority of participants welcomed it, concerns were raised by two participants regarding the cost effectiveness of this action.

In the comments sections one participant noted that "such a prize competition should be carefully designed to equally support cultural domains in need of crowd's financing and commitment".

Also the fragmentation of the CCS crowdfunding market between member states could distort the prize competition.

Another participant suggested that an EU competition should not be launched from scratch, but should be launched in cooperation with local prizes that can compete at European level.

Keeping the local perspective in mind, an initiative for the EC to co-fund regional or national Crowdfunding prizes was suggested in the comments section.

Overall, this action was welcomed. However, the number of dislikes suggest that launching a European Prize has less urgency if compared to the other statements, and would need further consideration before implementation.

- **Action 6 The EC should facilitate a European conference on crowdfunding for culture on a yearly basis, creating a platform of exchange between cultural organisations, platforms, investors, philanthropy organisations like European Cultural foundation, and policy makers.**

21 likes 8 dislikes 11 comments

Comments pointed to the need of broadening the scope of this European event to include CCS access to finance in general, and crowdfunding being an important part of it.

A yearly conference focused only on crowdfunding was not seen as fully serving the CCS financial needs by participants.

In the comments section one participant suggested to open such an event to non-EU countries where crowdfunding is developed and where lessons could be drawn from.

Based on the analysis of each action in this area, there appears to be a broad consensus on the need to raise awareness about CCS crowdfunding, as well as on the proposed actions.

Trust Creation

- **Action 7 The EC should stimulate the process of setting up a European quality label for crowdfunding platforms to be initiated by the CCS crowdfunding community.**

12 likes 13 dislikes 10 comments

Judging from the number of "likes" and "dislikes" it seems the participants were very much divided in half when it came to this action.

When looking at the comments sections, participants not in favour saw no evidence of a "trust issue" regarding CCS crowdfunding, as well as expressing concerns regarding the capacity of smaller platforms that do not have the financial means to apply the label.

Participants in favour of this action pointed to the role of the EC to be only as facilitating the development of the label, rather than being directly involved in its development, and pushing for transparency rules that go further than legal obligations.

- **Action 8 In order to bring transparency and good code of conduct to the industry, the EC should facilitate the creation of an independent observatory that collects and publishes data on the use of crowdfunding (no. of campaigns, amounts raised per model, costs, success rate per platform etc…)**

15 likes 12 dislikes 4 comments

Again participants were divided almost in half, with 56% welcoming the action and 44% being against it.

Participants not in favour of this action did not see evidence of a lack of transparency in the market.

Others in favour suggested the importance of linking existing databases on crowdfunding, especially the ones funded by EU money, and facilitating a common data standard.

A question was raised regarding the opportunity cost of this action.

- **Action 9 The industry should stimulate clear communication by the CF platforms on costs charged to project holders, transparency over the process of due diligence, risks attached to donating or investing through crowdfunding, ownership and partnership structure etc…**

27 likes 2 dislikes 2 comments

This action was received very positively. No discussion was raised in the comments section.

- **Action 10** **Member states should develop a regulatory framework that stimulates the use of (different types of) crowdfunding such as f. ex. a favourable tax scheme for crowdlending, tax deduction for crowd-donations, etc…**

20 likes 5 dislikes 14 comments

Most of the participants welcomed this action for the CCS crowdfunding sector. Participants noted in the comments section that an inventory with an overview of favourable crowdfunding tax schemes of different member states would be a useful step towards this action.

A proposal for member states to develop regulations that permit crossover financing (for equity and peer2peer lending) was also put forward in the comments section.

- **Action 11** **Member States and the EC should provide clear VAT and Tax guidelines for crowdfunding campaigns in the sector**

26 likes 2 dislikes 6 comments

Given the high number of likes, this action was welcomed by the great majority of participants. However, one participant questioned whether the EC is the right authority to provide such guidelines, suggesting it should be the responsibility of Member States.

Another participant referred to the EC Guidebook for Crowdfunding, where information on VAT and tax could be added. Participants also shared views on the importance of harmonisation, as complex VAT and tax guidelines are a hampering factor for operators in the CCS, as well as SMEs in general. However, harmonisation might take too long and until then clear guidelines were considered to be a good substitute.

A suggestion was also made for the EC to develop a pan-European tax deduction scheme for any donation to any CCS projects. This scheme should be available to any cross-border donation within the EU.

Based on the analysis of each action in this area, the setting of a European observatory and a quality label were actions that received mixed feedback from the online participants. The need for a regulatory framework and clear VAT and Tax guidelines were generally considered positive actions in order to bring positive change to CCS crowdfunding.

Skills

- **Action 12** **Governments (regional and EC) should support incubator type of places, where people come together and develop skills on how to get started with crowdfunding.**

11 likes 12 dislikes 13 comments

Participants were divided in their opinion and feedback on this statement.

The ones not in support of this action argued that no market failure exists and that incubators are already working in this area. Moreover, another participant noted that a mere exchange of best crowdfunding practices could help creatives in developing new skills, without needing to involve incubator type places.

Others argued that crowdfunding still does not have the place it deserves as a financial tool, and it should be available and presented next to other schemes, be that for CCS or other sectors. Courses on crowdfunding as well as mentoring services taking place in incubator type of places or elsewhere were considered as an appropriate measure.

One participant argued to broaden the scope of this action to include an overall financial literacy training (see also action 13). Incubators could help project owners with questions like "Which steps to follow, what comes first, who has the rights to collateral, etc?"

- **Action 13** **Member States should integrate financial literacy at an early stage in curricula during formal education.**

17 likes 8 dislikes 6 comments

This action was supported by the majority of participants. However, the curricula level for such training to take place was disputed, with some arguing it should be available at an early stage and others suggesting it only at the university level or a few years after graduation (once the importance of funding really starts to kick in).

- **Action 14** **The EC should support the development of an access 2 finance tool (similar to the one aimed at start-ups) that provides an integrated overview for the CCS actors on the various sources of finance and the potential financial mix, including crowdfunding.**

14 likes 8 dislikes 2 comments

63% of participants were in favour of this action, stating that it is an important support tool for small cultural initiatives that do not have the resources to develop all necessary knowledge on different types of finances.

One participant questioned whether the CCS fragmentation would be a problem when providing such a tool, insinuating that an access2finance tool for CCS would only work if it would address the specific needs of each sector separately.

- **Action 15** **Similar to the Capacity Building programme of the CCS Guarantee Facility, public authorities should facilitate the development of training programmes for financiers and crowdfunding platforms on the specifics of crowdfunding cultural and creative activities.**

17 likes 5 dislikes 8 comments

This action was welcomed by the great majority of participants, especially as it would also help address the fact that not all CCS financiers are familiar with using crowdfunding as a proof of concept for future loans.

Participants stressed that public authorities should only facilitate and disseminate such training, while allowing experts from the industry to develop them.

One participant, however, suggested that crowdfunding has its own flows, and that using it as a way to access other types of finance should not be taken as an absolute truth.

- **Action 16** **The EC should further develop the Crowdfunding4Culture.eu website as a tool for skills development, through 1) the regular update of the resource repository page and 2) the development of a "How to run a crowdfunding campaign" toolkit tailored to the different creative sectors and crowdfunding models.**

12 likes 10 dislikes 10 comments

Although the majority of participants welcomed this action, just under half of them were not in favour. Participants stressed that the website should not replicate existing tools and materials, but should act mainly as a repository, suggesting to be against the idea of developing a "how to run a crowdfunding campaign" toolkit.

Participants also pointed out that a repository should include both paid and unpaid services, so as not to interfere too much with the market.

Based on the analysis of each action in this area, actions to support incubators and to develop new crowdfunding toolkits were questioned the most. Training CCS actors on financial literacy, access2finance tools and training programmes for financiers received most positive feedback.

Matchfunding

- **Action 17** **The EC should encourage partnerships between local, national and regional (public or private) funds and crowdfunding platforms to support CCS.**

29 likes 3 dislikes 12 comments

This is the second most liked proposed action. Participants stated that both public authorities and fund organisations lack information on matchfunding models and how to organise them in an effective way. The EC is also seen as the right authority to provide guidelines, case studies and data on impacts of matchfunding (see also action 19). The set-up of partnerships themselves is seen as best kept at local level.

- **Action 18** **CCS campaigns with potentially high positive impact on European society (culturally, economically, etc.) should be supported by European funds in the form of matchfunding.**

28 likes 3 dislikes 11 comments

This action was also among the ones most liked by the participants. The combination of community support first and then public funding was also seen as a more democratic process.

In the comments, participants were divided regarding the type of players this action could benefit. Some see this action as having potential over facilitating the participation of smaller players into EU programmes. While others fear it would benefit mainly big,

established operators that can support the investment of a European-wide campaign, both in terms of time and resources, which the majority of the cultural sector does not have in the first place.

Some participants also associated a risk to this action, stating that it could potentially increase the financial gap of some projects. EU funding is often seen as a bureaucratic and lengthy process. One of the assets of crowdfunding is the speed of access to funding, and according to one participant such speed should not be lowered by EU bureaucracy. All these considerations should be taken into account when designing a matchfunding scheme.

- **Action 19 The EC should provide guidelines for local authorities and regions on how to set up partnerships with crowdfunding platforms in order to matchfund cultural projects of interest.**

26 likes 5 dislikes 7 comments

Although this action received a lot of likes, participants questioned the role of the EC in providing guidelines, rather than facilitating sharing of best practices, to local authorities and regions. Participants suggested that information on crowdfunding and matchfunding practices should be made available to local/regional authorities as well as to intermediaries and private funds which look into possibilities of matching crowdfunding projects.

Based on the analysis of each action in this area, the participants provided support for all actions.

Linking (international) financing communities

- **Action 20 The EC should identify and tackle the bottlenecks that prevent crowdfunding platforms from developing a pan-European business (including cross-border crowdfunding).**

28 likes 1 dislike 7 comments

With 28 "likes" and only 1 "dislike" this action was seen as important by the participants in the online discussion. However, although this is a desired action, participants were also aware of the limitations of EC powers in implementing regulations at European level.

- **Action 21 The EC should encourage investment in crowdfunding by facilitating information sharing between different types of financial actors (crowdfunding platforms, banks, VC etc).**

12 likes 11 dislikes 4 comments

Participants were divided over this action, with 12 "likes" and 11 "dislikes". The role of the EC as a facilitator was questioned and many argued that the information sharing between different types of financial actors needs to develop on its own without intervention by the EC. However, the EU could facilitate the development of a network between financiers (funds, angel networks, investor networks, banks, the EU-guarantee facility) and (networks of) crowdfunding platforms.

- **Action 22 The EC should foster the visibility of successful crowdfunding projects to increase their ability to attract complimentary funding.**

15 likes 9 dislikes 8 comments

Although this action received more "likes" then "dislikes", discussions arose regarding the methods the EC could use in order to achieve this. Suggestions were made (closely to Action 21) regarding the EC role in facilitating the development of networks between platforms and other financial actors.

One participant suggested that the successful projects are able to attract complimentary funding already, and that the EC should address interesting projects that did not manage their campaigns properly instead.

- **Action 23 The EC should incentivize financial institutions to more easily grant a loan to CCS actors that have run a successful crowdfunding campaign.**

18 likes 6 dislikes 9 comments

This action was mostly welcomed. Participants also mentioned that in some countries, financial institutions are already including crowdfunding campaigns in assessing creditworthiness. The role of the EC was deemed important here, given that the use of crowdfunding as proof of concept by CCS financiers is not very frequent and should be stimulated at European level. However, concerns regarding the EC's involvement in the market place and its role in market manipulation were raised.

Based on the analysis of each action in this area, there appears to be a broad consensus on the proposed action to promote successful crowdfunding as a signal for creditworthiness by financial institutions, as well as on the action to tackle bottlenecks for pan-European development of crowdfunding platforms. The actions addressing the visibility of crowdfunding campaigns and facilitating information sharing received little support for an active role by the European Commission.

6/ Conference

In 20 June 2017, a closing conference was organised in Brussels to present and discuss the results of the study with the CCS crowdfunding community (CCS actors, crowdfunding platforms, policy makers).

The conference builds further on the conclusions of the study, using this as a starting point to reflect together with all stakeholders on the next steps that could be undertaken to follow up on the conclusions of this project and the implementation of the Action Plan.

Conference title: Crowdfunding4Culture Conference: More than funding

Banner:

Conference Agenda

Funded by European Commission

Brussels 20 June 2017
www.crowdfunding4culture.eu

Crowdfunding Culture Conference

More than funding

time	programme
08.30 – 09.15	Welcome coffee and accreditation
09.15 – 09.30	Welcoming speech
09.30 - 09.45	Does crowdfunding work for culture? Presentation of the study results from crowdfunding4culture
09.45 - 11.00	**Plenary panel discussion I** Can crowdfunding help renew the relationship between culture and society?
11.00 - 11.30	Coffee break
11.30 - 12.45	**Plenary panel discussion II** Investing in culture through crowdfunding: opportunities and challenges
12.45 – 14.00	Lunch break
14.00 - 15.30	**Workshop I** Masterclass on Crowdfunding Platforms How can crowdfunding platforms best assist creatives and cultural organisations? *Moderator: Roy Cremers, Voordekunst*
	Workshop II Tips and Tricks on using Crowdfunding 4 creatives and cultural organisation *Moderators: Isabelle De Voldere and Kleitia Zeqo, IDEA Consult*
	Workshop III Harnessing the power of the crowd to leverage public and private funding 4 culture *Moderators: Sylvia Amann, Info Relais, Joost Heinsius, Values of Culture & Creativity*
15.30 – 17.00	**Poster session & coffee** 15.40-16.00 Poster session 1 16.00-16.20 Poster session 2 16.20-16.40 Poster session 3
17.00 - 17.15	**What's next?** An interview with the European Commission on the proposed Action Plan and next steps to bring crowdfunding4culture forward
17.15 - 17.30	**Concluding impressions and Wrap up**

7/ Supporting communication material

7.1. Flyer

CROWDFUNDING

WHAT IS CROWDFUNDING?

Crowdfunding is the practice of funding a project or organisation by raising monetary contributions from a large number of people and has been growing substantially in recent years.

Thousands of creative professionals and cultural organisations across Europe have raised funding through crowdfunding platforms.

Crowdfunding can also bring added value in engaging communities and generating new audiences and collaborations, in addition to funding.

"Crowdfunding for the cultural and creative sectors: kick-starting the cultural economy" is led by IDEA Consult and its consortium partners European Crowdfunding Network and Ecorys.

Crowdfunding4Culture's mission is to facilitate the connection between cultural and creative professionals, crowdfunding platforms and backers.

Research partners

IDEA CONSULT thinking ahead

EFCN EUROPEAN CROWDFUNDING NETWORK

ECORYS

Funded by

European Commission

crowdfunding 4 culture

Want to dive into the crowdfunding buzz and learn what it is all about?

Crowdfunding4Culture is a place where cultural organisations and creative professionals can find information on crowdfunding, platforms, campaigns and more...

CONNECT WITH US AND LEARN all about crowdfunding4culture

www.crowdfunding4culture.eu

info@crowdfunding4culture.eu

Crowdfunding4culture

@CF4culture

VISIT CROWDFUNDING4CULTURE.EU AND

- **Search and compare crowdfunding platforms close to you by navigating our interactive online map**
- Distinguish between various **crowdfunding models**
- Find links to useful publications, organisations and practical tools to run a crowdfunding campaign
- Find information on **the costs and VAT regulation**

... and much more.

WHO IS IT FOR?

Crowdfunding4Culture is aimed at **creative professionals and cultural organisations**, crowdfunding platforms and backers as well as local, regional and European policy makers.

Join the Europe wide information hub and learn more about crowdfunding, the different models and platforms, lessons to learn from (un)successful projects and tips and tricks on crowdfunding campaigns.

TAKE OUR SURVEY!

Are you a culture addict, crowdfunding addict, crowdfunding hater, crowdfunding dummy, investor in culture, crowdfunding backer, crowdfunding platform, policy maker wanting to support crowdfunding for culture?

Share your view on and experience with crowdfunding with us. Take our online survey, in French, Dutch or English on www.crowdfundingforculture.eu

7.2. Press release

IDEA consult nv
Kunstlaan - avenue des Arts 1-2, b 16
B-1210 Brussels

T: +32 (0)2 282 17 10
F: +32 (0)2 282 17 15
W: www.ideaconsult.be

09 JUNE 2016

CROWDFUNDING4CULTURE

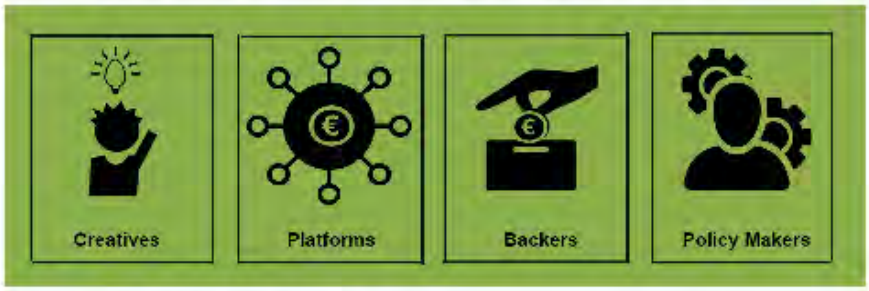
European Commission looks into the impact of crowdfunding on the cultural and creative sectors[1] in Europe.

Crowdfunding4Culture, the EU funded study whose aim is the identification and analysis of best practices in Europe's crowdfunding market in relation to cultural organisations and creative professionals, has launched four surveys in order to gain in depth insights on motivation and barriers of using crowdfunding for the cultural and creative sectors in Europe.

The cultural sector is curious about crowdfunding, but making use of this funding tool remains unclear due to the vast number of platforms and limited research-based information on the benefits and pitfalls of crowdfunding. Faced with severe funding cuts, access to finance has become a pressing issue for the cultural and creative sectors. Crowdfunding has the potential of becoming a trusted funding vehicle for the cultural sector, however, more research is needed to understand its true value.

How do cultural organisation or creative professional view crowdfunding? Is it a useful fundraising tool? What type of projects have the highest success rate? What is the right platform and funding model to use? What are the benefits of crowdfunding? How motivated are backers and why? Have local governments launched initiatives to support crowdfunding for?

The four surveys targeting **creative professionals and cultural organisations**, **crowdfunding platforms**, **backers** and **policy makers**, complemented by extensive research, will help bring the knowledge on crowdfunding for the cultural and creative sectors in Europe to a higher level.



The surveys are available in English, German and French.

[1] Freelancer or organization working in architecture, archives, libraries and museums, artistic crafts, audiovisual (film, television, video games, multimedia), tangible and intangible cultural heritage, design, festivals, music, literature, performing arts, publishing, radio or visual arts.

Funded by: Implemented by:

IDEA consult nv
Kunstlaan - avenue des Arts 1-2, b 16
B-1210 Brussels

T: +32 (0)2 282 17 10
F: +32 (0)2 282 17 15
W: www.ideaconsult.be

"*Crowdfunding4Culture* aims to facilitate the connection between cultural and creative professionals, crowdfunding platforms and backers *and will help creative professionals and cultural organisations in Europe learn more about this alternative method of finding, the different models and platforms, draw lessons from (un)successful projects and find tips and tricks on campaigns*" says **Isabelle De Voldere**, Project leader at IDEA Consult.

This unique European initiative will run until September 2017 and has the ambition to aggregate information for the benefit of everyone interested in crowdfunding for culture.

Crowdfunding4Culture is part of a pilot project "Crowdfunding for the cultural and creative sectors: kick-starting the cultural economy", commissioned by the European Commission to IDEA Consult, and its partners consortium European Crowdfunding Network and Ecorys.

Follow us on Twitter to hear the latest developments!

Contact:

Isabelle De Voldere

Tel: +32 2 300.85.04

Email: isabelle.devoldere@ideaconsult.be

Funded by:

Implemented by:

HOW TO OBTAIN EU PUBLICATIONS

Free publications:

- one copy:
  via EU Bookshop (http://bookshop.europa.eu);
- more than one copy or posters/maps:
  from the European Union's representations (http://ec.europa.eu/represent_en.htm);
  from the delegations in non-EU countries (http://eeas.europa.eu/delegations/index_en.htm);
  by contacting the Europe Direct service (http://europa.eu/europedirect/index_en.htm) or
  calling 00 800 6 7 8 9 10 11 (freephone number from anywhere in the EU) (*).

  (*) The information given is free, as are most calls (though some operators, phone boxes or hotels may charge you).

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

NC-01-17-333-EN-N

ISBN: 978-92-79-67975-9

Publications Office