A Study on Successful Crowd Funding and How to Target the Right Audience

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Abstract: Crowdfunding is an aggregate exertion by individuals who arrange and contribute all in all for a reason or a business thought. This appears to be fundamentally the same as the conventional idea of philanthropy or social participation yet not at all like subsidizing here is finished with a target of procuring some arrival either financial or elusive. The present day crowdfunding is related with web and the utilization of internet based life for raising support. In India crowdfunding is still in its early stage despite the fact that the potential is unfathomably high. The paper ponders the select Indian internet crowdfunding stages (CFPs), their region of center, gathering pledges techniques, and their income models. CFPs bolster business exercises as well as social causes. For example, Ketto (www.ketto.org) bolsters NPO, innovative and social causes through the stage. The CFPs were chosen to speak to a differing set of crowdfunding segments and the accessibility of information.

Keywords: crowd funding

1. Introduction

Crowdfunding is a procedure of requesting assets from the overall population to help a thought or make tasks or reserve organizations. It specifically interfaces individuals with cash to the general population who need it. It is nothing else except for the group's aggregate wallet. It enables expansive gatherings of individuals to supplant banks and different establishments as a wellspring of assets. The idea of aggregate financing of an undertaking by a gathering of individuals is as old as time. The present day crowdfunding is the adjusted, web model of a similar old idea. The Web has made the whole procedure of gliding a thought and raising assets for a similar a lot simpler and quicker. Aside from gaining admittance to reserves, another significant preferred standpoint is to getting approval of the thought or idea. One of the main cases of utilizing web to bring reserves happened up in 1997 when the British shake aggregate Marillion raised $60,000 from its fans to support its North American visit. ArtistShare was the principal US-based organization to build up the crowdfunding site in 2001

A. Crowdsourcing and crowdfunding

Crowdfunding draws motivation from ideas like smaller scale money (Morduch, 1999) and publicly supporting (Poetz and Schreier, 2012), yet speaks to its very own one of a kind classification of raising money, encouraged by a developing number of web locales dedicated to the point. Crowdfunding depends on the rule of publicly supporting. It is a use of publicly supporting. Jeff Howe characterizes publicly supporting as the intensity of the numerous that can be utilized to achieve accomplishments that were previously the duty of a specific few, in his book Crowdsourcing: How the Power of the Crowd Is Driving the Future of Business. Wikipedia is a standout amongst the best known instances of a publicly supporting model. It is an online reference book that is totally composed by clients, containing more than 3 million articles in English. An extensive number of individuals, every last one of whom putting a little exertion in achieving a major objective together.

2. Literature review

Crowdfunding is a novel technique for subsidizing an assortment of new pursuits, permitting singular originators of revenue driven, social, or social activities to ask for financing from numerous people, regularly as an end-result of future items or value. Crowdfunding activities can go incredibly in both objective and extent, from little aesthetic undertakings to business people looking for a huge number of dollars in seed capital as an option in contrast to conventional funding speculation (Schwienbacher and Larralde, 2010). It is a greater amount of a casual type of financing ventures – either business or non-business. Here, countless (the group) subsidize little measures of cash to aggregate into a speculation sufficiently substantial to back a task (or a new business). Crowdfunding is an aggregate exertion by individuals who system and pool their cash together, more often than not through the web, so as to put resources into and bolster endeavors started by other individuals or associations (Ordanini, 2009). New pursuits expect assets to succeed, and a standout amongst the most incredulous of these is financing (Gompers and Lerner, 2004; Gorman and Sahlman, 1989; Kortum and Lerner, 2000). In the course of recent years, crowdfunding has developed as novel route for pioneering dares to verify assets without searching for funding or other conventional wellsprings of endeavor speculation. Schwienbacher and Larralde (2010) characterize crowdfunding as an open call, basically through the Internet, for the arrangement of monetary assets either in type of gift or in return for some type of remuneration as well as casting a ballot rights so as to help activities for explicit purposes. Hence, the group creates money related help for as of now proposed

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activities. The crowdfunding component is additionally identified with person to person communication, where buyers effectively take an interest in online networks to share data, information and recommendations about another activity as well as brand. Nonetheless, crowdfunding goes past ordinary interpersonal organization investment by joining increasingly proactive jobs for customers, for example, choosing new activities to help and giving financial sponsorship to them.

3. Objectives of the research

1. To study the key determinants of successful crowdfunding campaigns.
2. To understand the relationships between different networks of crowdfunding.
3. To analyse what draws an individual to invest in a crowdfunding activity.
4. To study the important factors in having a successful crowdfunding campaign.

4. Limitations of the study

- An assumption that all data collected stands true.
- Strategies keep changing.
- Time, not being able to get extensive research done due to time constraints.

5. Research design

Research design represents a directional plan and guidelines with which a research is been coordinated. The study used in this research is Descriptive Research Design.

This research design helps in the arrangement of conditions for the collections and analysis of data in a manner that aims to combine to the research purpose. This study will be based on both descriptive and empirical in nature mainly based on survey method by using target population, sampling techniques and sample size in order to derive a conclusion.

6. Sources of data collection

A. Data collection

Six fundraising websites were selected on the basis of availability of information, locational presence, scale and also the type of crowd. The contents of these websites were then compared on the basis of seven key parameters selected after initial screening and analysis of all the websites.

B. Data analysis procedure

In the analysis of data and testing of hypothesis, the statistical tool to be used for this study is contained in SPSS (Statistical Package for Social Scientists) so as to adequately verify information collected for this study. In order to analyze the data, the Chi square will be used to test the hypothesis of the variables involved in the study.

7. Sample design

Sample size:
The sample design selected for the research project is 50 samples to make correct decisions for the project.
Sampling Technique:
Simple random sampling technique will be used to determine the accuracy of survey results.

8. Analysis and interpretation

Tools used for the study are
   A. Percentage method
   B. Chi-square method

A. Percentage method

Percentage analysis is a statistical tool which is used to identify the percentage from the respondent's response to single question which is accounted samples. It is used to compare the relative terms and distributions of two or more data.

$$Percentage = \frac{Number\ of\ responses}{Total\ number\ of\ respondents} \times 100$$

B. Chi-square method

Chi-square test enables the researchers to find out whether the divergence between the expected and actual frequencies is significant or not.

$$CHI - SQUARE = \frac{(O_{ij} - E_{ij})2}{E_{ij}}$$

Where,
O_{ij} – observed value
E_{ij} – expected value
E_{ij} = Row total x Column total / Grand total
Degree of freedom = (C-1) X (R-1)
Where C = No. of column
R = No. of row

C. Percentage analysis

Table 1
Age wise representation

Option	18-25 years	25-35 years	35 years and above	Total
No of respondents	15	20	15	50
Percentage (%)	30	40	30	100

Interpretation:
The above table shows that 30% of the respondents are under the age group of 18-25 years, 40% are under the 25-35 years group, 30% are under the 35 and above year's category.

We concluded that majority (40%) are in the age group of 25-35 years category.

Interpretation:
The above table shows that 66% of the respondents are

Table 2
Gender wise representation

Option	Male	Female	Total
No of respondents	17	33	50
Percentage (%)	34	66	100

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female, 34% are male. We concluded that majority (66%) of the respondents are Female.

Table 3
Occupation wise representation

Option	Student	Employed	Self-employed	Total
No of respondents	22	20	8	30
Percentage (%)	44	40	16	100

Interpretation:

The above table shows that 44% of the respondents are under the student category, 40% are under employed group, 16% are under the self-employed category.
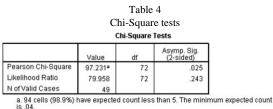
We concluded that majority (44%) of the respondents are students.

D. Chi-Square analysis

Chi Square Table

Ho: There is significance difference between the age of the respondents and the crowdfunding network an individual chooses

H1: There is no significance difference between the age of the respondents and the crowdfunding network an individual chooses.

Table 4
Chi-Square tests

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	97.231ᵃ	72	.025
Likelihood Ratio	79.958	72	.243
N of Valid Cases	49		

a. 94 cells (98.9%) have expected count less than 5. The minimum expected count is .04.

Interpretation:

There is significance between the age of the respondents and the crowdfunding network an individual chooses.

9. Key findings

Ketto is the main stage devoted to social causes and to guarantee positive financing reaction from the group, it takes support from different big names. Rest others give moderately more accentuation on imaginative and innovative undertakings. For this, Ketto has received gift based model though different CFPs have embraced reward based model. Ketto by having a social reason center does not charge any expenses from the initiator and Ignite Intent with a business concentrate additionally does not charge any charges as it underpins ventures drifted by undergrads. Ketto is the main stage that has gotten outside concede. At the point when most CFPs have local center, Catapooolt has household just as worldwide introduction. Wishberry has drifted the most elevated number of battles up until now, might be on the grounds that it offers

the longest period to the initiators to keep their activities glided. It additionally has the biggest pool of patrons who by and large contributed the most. Catapooolt and Start51 help in gathering pledges as well as offer guidance to the initiators. It is additionally seen that each CFP just as each task is novel without anyone else's input. With the inherent center gathering and reason, the CFP offers backing to the initiator regarding advancement of the thought, moving toward the group just as giving warning administrations. While each task inside the ambits of the CFP, characterizes its motivation, subsidize target, length and rewards however a definitive onus lies on the initiator.

10. Conclusion

The research reasons that the essential focal point of the stages under examination is gathering pledges for either social-cause based or imaginative based tasks. This backings the activities and methodologies received by them. Plan of action in all CFPs is either remunerate based or gift based A financial specialist can contribute as low as Rs.50 Minimum sum allowed to skim a task for raising support is as low as Rs. 1,000 Further, these CFPs either don't charge anything or charge an ostensible sum from the initiator. Crowdfunding is in beginning stage in India. It will require investment to build the mindfulness and change the mentality of individuals. In a way it's anything but another idea in India. For a very long time, gifts have been taken to construct sanctuaries, money covers are taken at relational unions, and religious celebrations are commended through commitments. Be that as it may, raising support through commitments from open through web based stages is generally an inventive idea. Crowdfunding isn't a raising money strategy that replaces all the conventional subsidizing strategies however it is best to think it as essentially another technique for acquiring financing and ought to be assessed in light of different choices that are accessible.

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