CULTURAL 2.0 HERITAGE

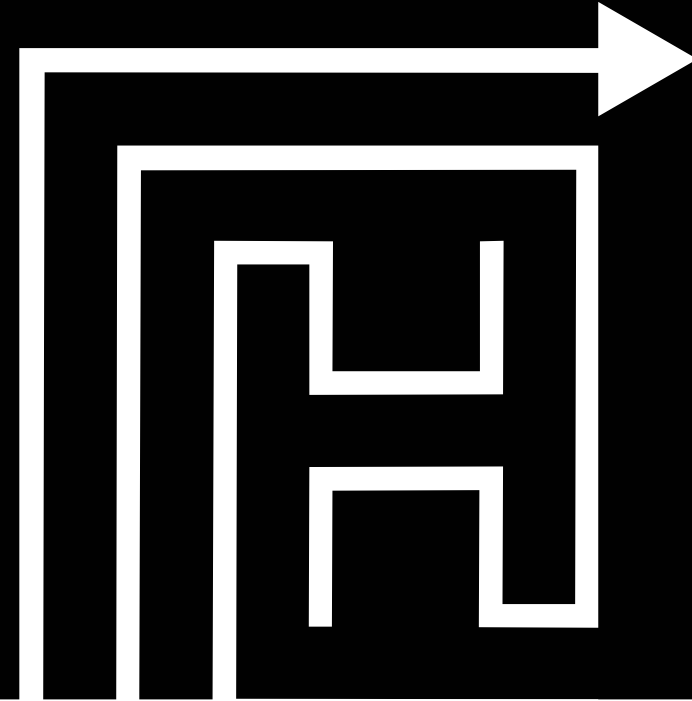## YOUR GUIDE TO

CROWDFUNDING

CROWDFUNDING CAN BE A MEANS OF ADDITIONAL FUNDING FOR NEW OR EXISTING PROJECTS

The cultural sector is usually dependant on public funding from governmental entities which is still insufficient in many cases. While traditionally having difficulties accessing financing in the market area CHOs could benefit from finding additional financing through the use of crowdfunding. In addition crowdfunding can act as a tool for connecting with the community.

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DEFINING CROWDFUNDING

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Crowdfunding is the practice of funding a project by raising small amounts of money from a large number of people, typically via the internet or social media. In return the contributors receive some kind of appreciation.

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DIFFERENT MODELS OF CROWDFUNDING

Donation based
In this model contributors are showing their support without the expectation of receiving anything but recognition in return.

Reward based
A very common model is based on contributors receiving rewards in the form of exclusive or early access to what is being funded.

Equity based
Contributors are obtaining a form of ownership in the project either passively or through a more active role involving them in the decision making.

Lending based
This model is based on microfinancing where contributors lend their money to the project with the expectations of getting them back either with interest or without.
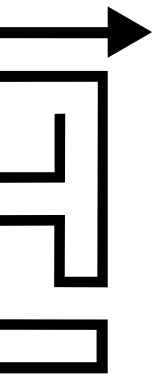
PLATFORMS FOR CROWDFUNDING

For crowdfunding to be a successful tool it is dependant on the outreach to many contributors. By using digital technology and social media CHOs can reach not only local audiences, but are able to break national borders reaching potential global audiences for contribution.

The platform models can usually be divided into two different types. The all-or-nothing and the keep-it-all. The first one resting on achieving a predefined financial goal, where the contributors will get their money back if the goal is not reached and the second one, where project-owners get to keep the contributions regardless. The second one can also be a member based model where contributors subscribe continuously to the project on a monthly or yearly basis.
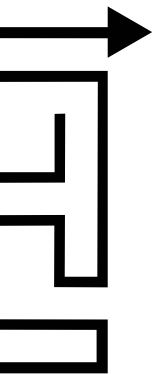
BARRIERS OF CROWDFUNDING

The biggest barrier of crowdfunding is the uncertainty of the cost-benefit result. It requires a lot of commitment to develop a project and a crowdfunding campaign without the certainty of implementation. Therefore crowdfunding is rather a means of additional financing to support other revenue streams than an alternative financial strategy. A successful crowd-funding campaign can also act as a seal of approval for more traditional funds.

CROWDFUNDING AS COMMUNITY ENGAGEMENT

Whether using models with a financial return as the equity- and lending based types or models without financial returns like the donation- and reward based types, they are all about engaging the contributors to be involved in a given project.

Use the opportunity to make contributors from all over the world part of your CHO's community. A crowdfunding campaign is a way for audiences to engage and influence your organization. Make sure to recognize them for assisting your development and use the tool strategically to make an impact locally or globally that benefits the community.
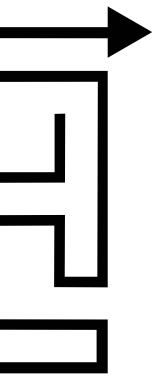
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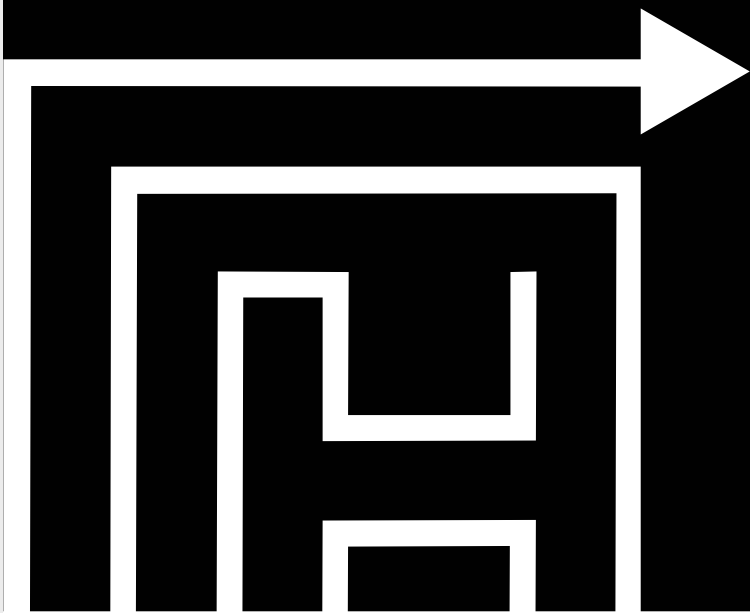
STEP-BY-STEP CROWDFUNDING GUIDE

1. IDENTIFY A PROJECT
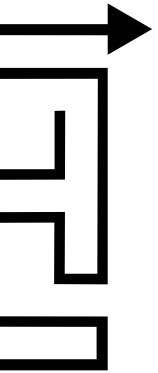
2. SET A FUNDING GOAL

3. CHOOSE A PLATFORM

4. DEVELOP A PITCH

5. PROMOTE THE PROJECT

6. ENGAGE WITH SUPPORTERS

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1. IDENTIFY A PROJECT

It is essential to identify a specific project that your organization would like to crowdfund. This could be anything from conserving a piece of artwork to digitizing a collection of historical documents or creating an exhibition or festival. It is essential to select a project that resonates with your audience and aligns with your organization.

2. SET A FUNDING GOAL

Determine how much money you need to complete the project and set a realistic funding goal. It is essential to consider any fees associated with crowdfunding platforms when calculating your goal. Make sure to set a goal that is achievable but also ambitious enough to motivate supporters to contribute.

When deciding on a goal it is also important to consider whether the project will be fully reliant on the crowdfunding campaign or if it will be an additional revenue stream for the project. Furthermore it is important to consider if the campaign will be equity- or lending based or if it will depend on donations or rewards. The latter will often result in smaller scale financial contributions, but contributions that you get to keep.
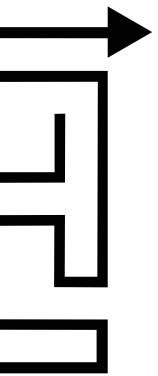
3. CHOOSE A PLATFORM

Select a crowdfunding platform that aligns with your organization's values and goals. Research the platform's fees, audience, and level of support before making a decision. Consider platforms that cater to cultural heritage organizations or have a track record of success with similar projects.

In the coming years of Web3 the possibilities of blockchain technology will make it more transparent and secure to crowdfund projects directly between entities without the crowdfunding platforms as middlemen via the use of smart contracts and so called decentralized autonomous organizations (DAOs).

*See OER about DAOs
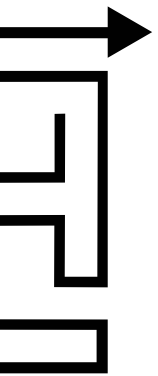
4. DEVELOP A PITCH

Create a persuasive pitch that explains the project, its significance, and why people should support it. Use visuals, videos, and other engaging content to help bring the project to life. Tell a story that resonates with your audience and highlights the impact of their contribution.
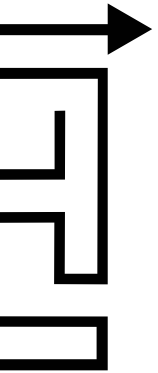
5. PROMOTE THE PROJECT

Use social media, email, and other channels to reach out to potential supporters and promote the project. Offer perks or rewards to donors to incentivize them to contribute. Make sure to personalize your outreach and engage with potential supporters in a meaningful way.
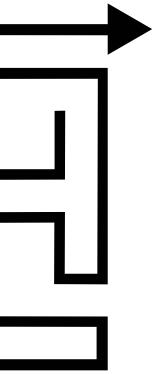
6. ENGAGE WITH SUPPORTERS

Keep donors informed about the project's progress and express gratitude for their support. Consider involving them in the project through crowdsourcing activities, such as transcribing historical documents or contributing to an exhibition design. It all depends on your specific project, but consider if the contributors can somehow leave their mark beyond the funds, they are giving. Build a community of supporters around the project that can help promote it and generate momentum.
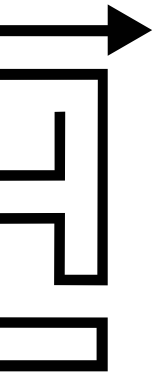
CONCLUSION

In conclusion, crowdfunding can be a powerful tool for cultural heritage organizations to fund important projects and engage with their audience. By following these steps, organizations can create a successful crowdfunding campaign that not only raises funds but also helps to build a loyal community of supporters.

Source: Douglas J. Cumming, Gaël Leboeuf, Armin Schwienbacher

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