

CROWD FUNDING EXPLAINED

WITH

Andrew J. Spencer



Copyright © All rights reserved.

ABOUT YOUR RIGHTS: This eBook is intended for your personal use only. It does not include any other rights.

IMPORTANT LEGAL DISCLAIMER: This book is protected by international copyright law and may not be copied, reproduced, given away, or used to create derivative works without the publisher's expressed permission. The publisher retains full copyrights to this book.

The author has made every reasonable effort to be as accurate and complete as possible in the creation of this book and to ensure that the information provided is free from errors; however, the author/publisher/reseller assumes no responsibility for errors, omissions, or contrary interpretation of the subject matter herein and does not warrant or represent at any time that the contents within are accurate due to the rapidly changing nature of the Internet.

Any perceived slights of specific persons, peoples, or organizations are unintentional.

The purpose of this book is to educate and there are no guarantees of income, sales or results implied. The publisher/author/reseller/distributor can therefore not be held accountable for any poor results you may attain when implementing the techniques or when following any guidelines set out for you in this book.

Any product, website, and company names mentioned in this report are the trademarks or copyright properties of their respective owners. The author/publisher/reseller/distributor are not associated or affiliated with them in any way. Nor does the referred product, website, and company names sponsor, endorse, or approve this product.

AFFILIATE/COMPENSATION DISCLAIMER: Unless otherwise expressly stated, you should assume that the links contained in this book may be affiliate links and either the author/publisher/reseller/distributor will earn commission if you click on them and buy the product/service mentioned in this book. However, the author/publisher/reseller/distributor disclaim any liability that may result from your involvement with any such websites/products. You should thoroughly research before buying mentioned products or services.

This constitutes the entire license agreement. Any disputes or terms not discussed in this agreement are at the sole discretion of the publisher.

Chapter 1:

Types of

Crowdfunding

It's a well-known story: you have a great idea, you work out a business plan, form a company and dream about your inevitable success. Then you go to the bank to ask for a small business loan, and... you get denied. Until about a decade ago, this was the end of the road for countless start-ups. In recent years, crowdfunding has become enormously popular as tech-savvy entrepreneurs turn to the online community when traditional funding can't be secured.

Crowdfunding allows smaller and non-traditional businesses to gain a foothold in the market by raising the money they need to launch their organizations. In this book, you're going to learn what crowdfunding is, how it works, and how you can use it to your advantage. We'll look at where you should crowdfund, what your campaign should look like, and how you can bring in investors with this great new method.

Crowdfunding is the method of raising funds through multiple small donations from a range of investors through an online platform. Given that crowdfunding is a relatively recent addition to the world of business, it's easy to track its growth and evolution. Some historians argue that methods such as selling war bonds and artist patronage are pre-cursors to crowdfunding, but crowdfunding as we know it definitely developed in the 1990s. The first large-scale crowdfunding campaign was hosted in 1997 by the English rock band Marillion, who raised \$60,000 through online fan donations to fund a U.S. tour. This sparked a trend of artists using

crowdfunding to finance their projects and the first crowdfunding platform, ArtistShare, was set up in 2000. From 2008 to 2011, crowdfunding soared in popularity for businesses outside the arts industry, as platforms like IndieGoGo, Kickstarter, and GoFundMe were established.

There are four kinds of crowdfunding, and the type you choose will affect how your campaign runs. Your choice should be based on the type of business you're running, the size of your campaign, and why you're raising the money. Rewards-based and donation-based crowdfunding can be used on all platforms, whereas only certain platforms provide equity or debt crowdfunding- this is why you should decide what method you want to use before choosing a platform.

Rewards-based crowdfunding is when backers receive a reward in return for their donation. There is usually a hierarchy where bigger donations earn larger rewards. This is the most common form of crowdfunding.

Donation-based crowdfunding is when backers do not receive anything in return for their donation, and donate money because they want to help the campaign's cause. This method is usually used by individuals or charities rather than businesses.