



Chapter 4 - FINANCING OF A BUSINESS

4.3 CROWDFUNDING

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What is Crowdfunding?

The goal of crowdfunding is to share the financing of a project between those who wish to support it. Currently, it is an alternative to the traditional bank loan to get access to financial resources to be able to carry out a business project. Crowdfunding is mainly done through online platforms.

PROMOTER

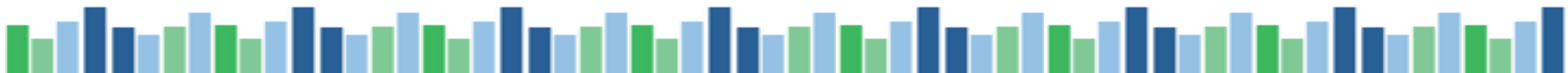
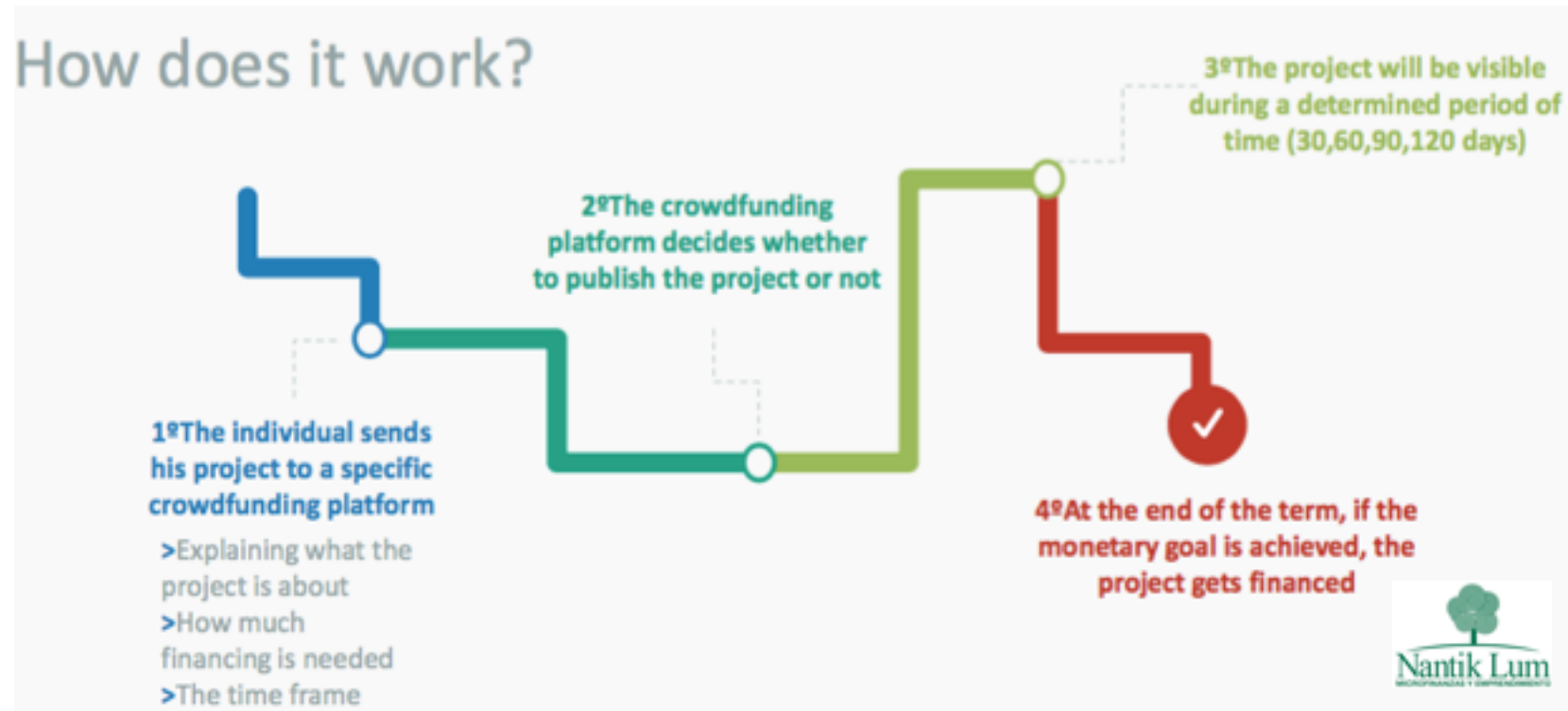
→ is the person with the business project to be financed

INVESTORS

→ are people who would like to support the business project

PLATFORM

→ this is where the promotor presents the business idea and where investors can find it



Crowdfunding

There are different types of crowdfunding:

REWARDS

The most common type of crowdfunding; the founders contribute something and in return they receive a reward

LOANS OR CROWDLENDING

Financing through loans or credits; to small and medium size enterprises through a network with a large number of private investors

DONATIONS

Supporting business projects through donations without getting something in return

INVESTMENTS

The management company offers shares or participation of the company in return.

To launch a crowdfunding campaign takes a lot of effort and is time consuming, since you need to raise awareness about the campaign and publish it through all your networks in order to find enough contributors. Nevertheless, crowdfunding can be part of your marketing strategy, because through the campaign you can find customers for your product or service and make it more visible.

The main steps for a crowdfunding campaign are:

1 Before launching the campaign

It is necessary to create an online and offline community. And to prepare the content for the campaign.

2 During the campaign

All the previously prepared contents will be launched. Family and friends are the ones that will initially give the campaign a push.

3 After the campaign

Reward distribution



Crowdfunding

Have a look at the Top Crowdfunding sites for Entrepreneurs:

<https://www.kickstarter.com>

<http://italiancrowdfunding.it>

<http://www.crowdfundme.it>

<https://www.crowdcube.com>

<https://it.ulule.com>

<https://www.fundedbyme.com/en/>

<https://www.mymicroinvest.com/en>

<https://www.companisto.com/en/for-founders>



Be Inspired
have a look **HERE** at
some example of successful crowdfunding
campaign!

