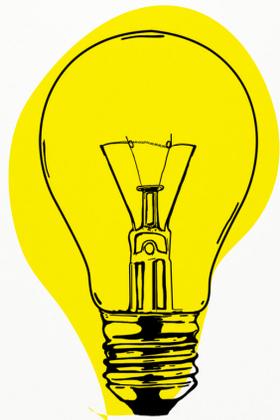


# The Power of Social Media in the Crowdfunding World

By: *Ruksana Hussain*



**IDEA**



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Of course we knew this day would arrive: social media affecting not only the way we do business but also impacting how we go about funding those ventures. If the growth in crowdfunding platforms is anything to go by, this is a booming phenomenon, and only growing stronger. Given that both social media and crowdfunding maximize the power of one's known and unknown social and professional networks, the strong ties between the two and the necessity that social media is to a crowdfunding exercise cannot be denied. There is no guarantee, though, that one's social media prowess or presence can satisfactorily fulfill every crowdfunding project.

A search on good old Google for a few crowdfunding platforms brought up these results: Kickstarter and Indiegogo seem to be the most common go-to platforms for crowdfunding projects. They've been the industry leaders and witnessed the most traffic in terms of projects submitted and funding received. RocketHub and Crowdfunder appear to come in a close second while a few others comprise the up and coming pack—Crowdrise, Fundable, Quirby, etc. All platforms offer social media stats and advice on taking full advantage of social media channels to push the chances of success a crowdfunding venture can achieve.

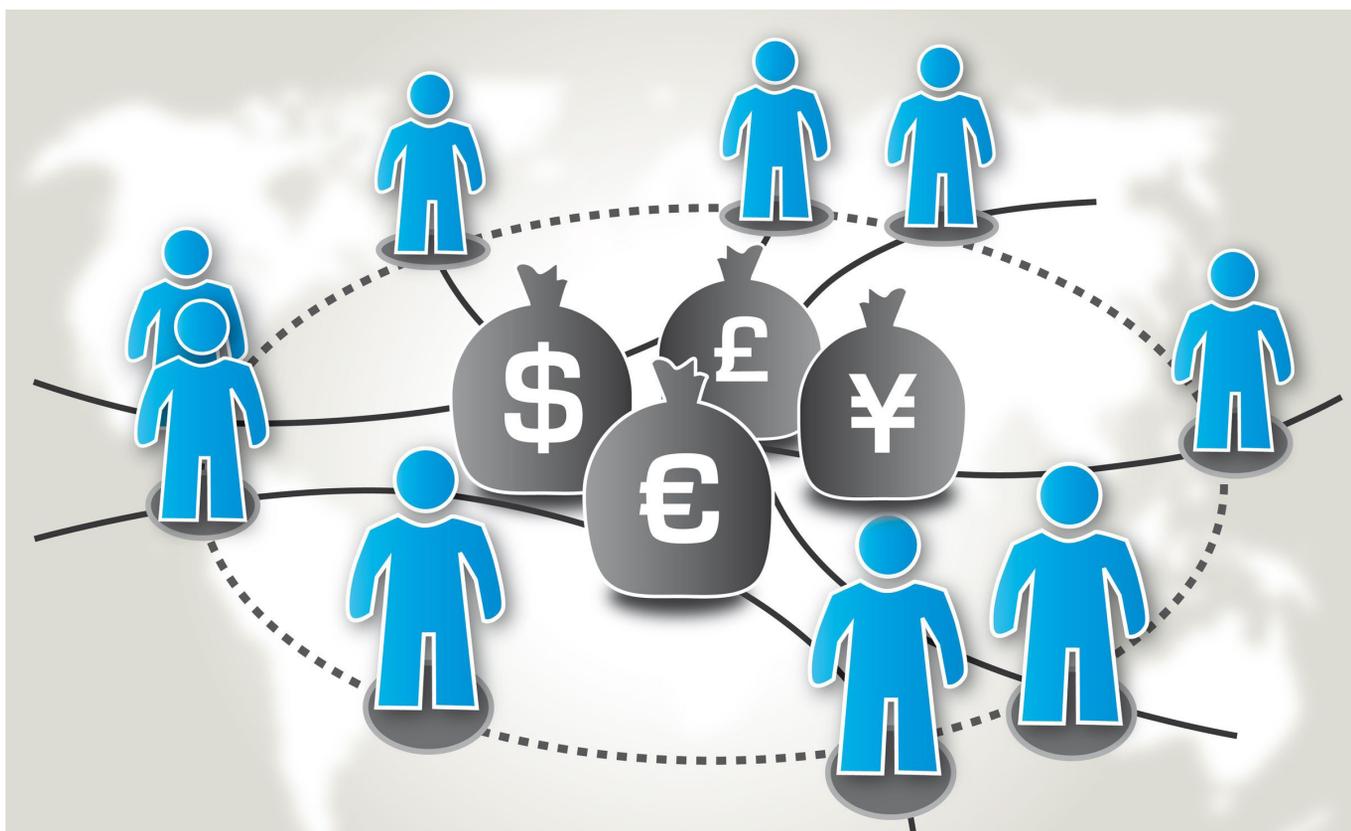
Alex Kennberg, a co-founder of Shopstarter (shopstarter.org) based in Toronto, Canada, believes there are definite benefits in using social media for crowdfunding. "It helps create noise and gets people to look at the project. We funded Cobra Wallet (cobrawallet.com) through Kickstarter, September to October,

2012." The project was successfully funded with \$51,000 and 1,106 backers. The product launch is in June 2013.

"The most benefit found is actually in the virality. There is a key difference between consumers buying from traditional ecommerce stores and crowdfunding projects. Backers and supporters of crowdfunded projects feel like they are a part of the campaign and are helping inventors so they are eager to share. The sharing can be immense if guided. With Cobra Wallet, we had folks share on Facebook, Twitter, Pinterest, and YouTube, and even submit tips to their favorite blogs! Since ours was a hardware product, being able to use images was important. Encouraging backers to share, and showing them how, is one key thing a campaign should be doing, and not just once but with every update. On Shopstarter, we see this across the most successful crowdfunded projects."

Shopstarter is a venture co-founded by Kennberg as a result of the success and the process that was Cobra Wallet. Established January 2013, Shopstarter was created to enable pre-ordering of products after funding has happened on Kickstarter. The website had approximately 22 live projects and more than 200 transactions as of the publish date of this article.

"Crowdfunding was part of the marketing strategy. It shows people are willing to take a risk on the project, which is a strong signal of interest. We knew we would use social media ahead of time; it played a big part in our funding. There is no guarantee of traffic on crowdfunding platforms, so it is up to



the individual owner to push their network. Kickstarter has an interesting statistic saying if you reach 20 percent of your funding right after you start your project then there are more chances you will achieve all your funding, so the first day or two is very important and we tried to get that 20 percent of our funding immediately.”

Planning another crowdfunded project for June 2013 (cobrati.com), Kennberg is happy to share some observations from his experience. “Build up your network—it matters a lot. Use the Find Friends feature on Twitter and Facebook and follow people who are specialized in that vertical or space to engage them. Have a budget for Facebook and Twitter ads to promote a few stories; if you have only a few friends on social networks, then this helps amplify the message. It is not the direct impressions but the chance to re-share the information that has the maximum impact. Conversions are proportionate to the size of the network.”

An aspect that Bruce Gooch thought he had figured out but was surprised when his funding project, Comic Tycoon—a photography app to make cartoons on mobile phones, did not meet with the success he expected. His company, Insatiable Genius (insatiablegenius.com), is located in Las Vegas, Nevada, and creates software, apps and applications that allow users to create interesting works of visual art and then seamlessly and immediately market that art on a larger range of high quality products.

“We have over 2.5 million users of our iPhone and Android apps and we sent push notifications to all of them. We sent emails to a list of 15,000 users, and tweets to 40,000+ followers. Yet, the project did not fund.” The one-month crowdfunding effort in October 2012 for just \$10,000 only garnered about 61 backers and \$1,086. Bruce eventually had his project funded through other means.

“I heard of Kickstarter and gave it a shot. Indiegogo was a second option, but with the project faring badly, I did not go through with it. I knew I would use social media to promote my project. I used Twitter mostly because of the large following there and the ability to use images. Retweets worked especially if a celebrity or folks with large fan followings participated. I also did YouTube videos and they got hits but not conversions.”

Daniel Haight agrees. A published author in the San Francisco Bay Area, he tried his hand at crowdfunding for launching his novel series, Flotilla (flotillaonline.com) in August 2012. “We did socialize our Kickstarter campaign and we used Facebook, Twitter, LinkedIn, blogs and emails to get as many eyes on the project as possible. We had a lot of shares (hundreds, in fact) but maybe three backers. The greatest impact came from Facebook in terms of ‘eyes on project’ but the failure of

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the Kickstarter campaign taught some valuable lessons in the need for clearly delineating the ‘why’ of these efforts.”

Crowdfunding is still a fairly new concept and there are many opinions about why things work or not. Successful campaigns impress and make the headlines but for every few that make the cut, there are so many brilliant ideas and efforts that are lost along the way because of insufficient funding raised the one way that creators know will be their best bet when they have no other means of funding to consider.

“Simply creating a project to ask for money is no guarantee of success. Crowdfunding requires a tremendous amount of energy and resources to create messaging that is emotionally compelling. It has to not only get attention but also convince people to part with their dollars, as opposed to just clicking ‘Like’ or ‘Share’. I ran around during the 30 days of that campaign tweeting, sharing on Facebook, emailing friends, shooting video, re-writing the campaign text ... while in the end it didn’t get to where I wanted, I did learn about how to engage with people. When I launch another crowdfunding campaign for my novel’s sequel and web series this year, I’ll be better equipped to make it successful.”

Finding success with their campaign wasn’t hard for Arkami Inc., the creators of myIDkey (myidkey.com)—the first voice-search, secure Bluetooth/USB drive that displays passwords and ID on the go. Their Kickstarter campaign was successful with a final funding amount of \$473,000, exceeding the goal by 315 percent. Currently in the pre-order stage, the product will be shipped September 2013, domestically and internationally.

Benjamin Chen, Chief Executive Officer, Arkami Inc. shared, “Before the launch, we talked to others who had successful

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projects and heard that it was important to find ways to participate in dialog with supporters, give regular updates, and share product enhancements. A sense of transparency is created—people want to be part of the journey. We used Facebook and Twitter, and there was a lot of engagement through comments on the Kickstarter community. We have a small following on our individual pages as partners where we shared the product, I was active on LinkedIn. We received amplification, outreach, and recognition early on and did not have to do ads on Facebook or Twitter during the Kickstarter campaign.”

It is still too early yet to say that any one specific social media channel or a certain mixed bag of a few different avenues are the best methods to reach out to supporters and get the funding required for any campaign to get off the ground. Every project has its own recipe to success, or failure, as the case may be, and social media plays a huge part in that. Does a certain type of product or industry lend itself better to specific forms of social media based on the features the crowdfunding platform in question permits?

Help A Minnesota Maker Succeed (HAMMS) Event co-founder ([hammsevent.com](http://hammsevent.com)) and CEO/Founder of StormSister Spatique ([stormsister.biz](http://stormsister.biz)) Becky Sturm found that a social media mélange was in order for the success of her campaign, accomplished solely through an event website and not an established crowdfunding platform. “We combined the crowdfunding and pop-up shop model and pledged up to \$5,000 in ticket sales and donations to one of the Minnesota Makers who participated in the event. It was a successful first attempt and might

turn into an annual event. We were able to give one vendor the money to invest in their business and we did this all without spending a cent on advertising.”

The event was held April 20, 2013, and launched in January. Hitting social media hard and staying engaged with supporters has been instrumental to the success of this project. With small businesses finding it difficult to earn loans from banks these days, crowdfunding is the next best resort for owners.

“A number of small business owners got together and pooled resources to host this event. We used Facebook and Twitter in a big way, accounting for almost 50 percent of attendance. We asked each Minnesota Maker to reach out to fans and followers and educate them on our model. We offered a booth fee refund to the Minnesota Maker that brought in the most fans/followers to the event.”

Creativity in funding is the order of the day, and utilizing social media to power that unique relationship is gaining traction. There is no doubt social media is changing the way businesses are communicating to customers, sometimes even before said customers can get their hands on the products they are collaborating on to create. Sharing a fundraising campaign on social media networks can not only expand the potential reach in the search for supporters, without paying a penny (read: free advertising, publicity, promotion, et al), but also helps gain access to a whole gamut of demographics information on all followers that would typically warrant a concerted effort on attracting such information, at the cost of time, resources, finances, manpower and more.

It is unlikely that any of the current trending social media channels had a clue how large or vital a part they would play in the crowdfunding arena, but it doesn't take much convincing for one to agree that social media could possibly be one of the best means to success when addressing a crowdfunding campaign. In fact, it is difficult to imagine a crowdfunding campaign gaining the momentum it needs to achieve its goals without any social media participation at all. Where would many of these success stories of crowdfunding be, if not for the helping hand lent by social media?

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