



As crowdfunding accelerates at an unprecedented rate, it's impacting government policy, informing enterprise innovation and changing the role of nonprofit institutions around the world.

### Why will our business model replicate the success of Kickstarter?

Kickstarter has a solid execution track record.

- Among ventures that have achieved 20% of their financing objective, 81% have in the long run been effectively (completely) supported. Among ventures that have achieved 60% of their target, 98% have been in the end supported.
- More than 11 million individuals have participated as patrons for a task, promising over \$2 billion for more than 100,000 undertakings. More than 3 million of those people were continued supporting patrons, and more than 400,000 individuals have sponsored at least ten ventures.

It's no secret that, in the last twenty years, crowdfunding has evolved from a small personal fundraising platform –to a comprehensive validation tool for startups, corporates, and nonprofits.

Indeed, in 2016, equity raised from crowdfunding passed VC funding for the first time, and, by 2025, the **World Bank Report estimates that global investment through crowdfunding will reach \$93 billion**. No wonder established business owners, nonprofits and fledgling entrepreneurs alike are keen to secure a slice of this explosive industry.

If you, too, think crowdfunding might benefit your business here are some key trends to take note of this year:

#### 1. RISE OF NICHE PLATFORMS

With crowdfunding becoming increasingly accessible to all, we are likely to see a proliferation in the popularity of niche platforms.

Thanks to our greater collective understanding of the benefits of crowdfunding – the ability to test the desirability of, and appetite for, your offering, as well as the opportunity to raise money– campaigners

are moving away from mass market platforms to those which draw a specific crowd. Niches like gaming, education, music, sport, and not-for-profit, as well as location-based projects, are all forming their own platforms to better serve both those crowdfunding and those supporters.

## **2. RISE OF SMART INVESTORS**

With fears that another recession may be on the horizon, sponsors are no longer prepared to throw spare change at a projects. What's more, with crowdfunding offering millions of ordinary people the chance to invest (and not simply restricting investment to VCs), entrepreneurs should be prepared to spend time educating this new class of investors about the benefits of pledging equity to their campaign.

## **3. RISE OF CORPORATE CROWDFUNDING**

In its infancy, crowdfunding allowed individuals to raise small amounts of money for personal projects. However, in the last few years we have seen large corporate companies leveraging crowdfunding as a research and validation method. In doing so, major world companies are not only conducting market research on their services and products, but also gaining public support and pre-orders before they go mainstream. As Duncan McCann, researcher at the New Economics Foundation, comments, " **It is about understanding the market very quickly, which is a real benefit. It also brings a guarantee of a certain number of purchases and it generates loyalty.**"

**We expect to see a boom in blue chip crowdfunding as the large corporates continue to learn what startups have long understood: that crowdfunding is the best medium for authenticating ideas, garnering support, and determining demand with very little risk.**

### **Crowdfunding Market Grows 167% in 2014: Crowdfunding Platforms Raise \$16.2 Billion**

Today the research firm Massolution which specializes in the crowdsourcing and crowdfunding industries released its annual 2015CF – Crowdfunding Industry Report. After collecting data on 1,250 active crowdfunding platforms (CFPs) worldwide and undertaking significant further research, the results reveal that CFPs raised \$16.2 billion in 2014, a 167% increase over the \$6.1 billion raised in 2013. North America still accounts for the largest market but 2014 saw Asia overtake Europe, by a small margin.

With exponential growth in Asia, Massolution forecasts this lead will increase significantly in 2015 with the delta between Asia and Europe increasing to over \$4 Billion. We predict that Europe's 20.1% of market share in 2014 will decline slightly in 2015 when Europe will account for 18.8% of the worldwide market.

"In April 2013 we predicted that total crowdfunding volume by the end of 2013 would nearly double from 2012's \$2,7 billion, but in fact the market reached \$6.1 billion, largely due to faster growth than anticipated in Asia. Acceleration continued in 2014 achieving an impressive \$16.2 billion in funding

volume and we are forecasting that worldwide crowdfunding volumes will more than double again in 2015, to reach \$34.4.”

“Surprises materializing from this year’s research included GoFundMe topping Kickstarter as the largest donation/reward based CFP and astounding growth in the P2P lending market in Asia, stemming largely from the Chinese market. Further, the top 5 CFPs in North America increased wallet share during the period 2014 while in Europe the top 5 lost 30% of their market share, indicating that the markets in North America and Europe are shaping up very differently.”

Growth Rates By Region in 2014 North America retained its market lead in 2014 but Asia topped Europe to become the second largest region by funding volume.

- **North America: crowdfunding volumes grew 145% to \$9.46 billion**
- **Asia: crowdfunding volumes grew 320% to \$3.4 billion**
- **Europe: crowdfunding volumes grew 141% to \$3.26 billion.**
- **South America, Oceania and Africa: crowdfunding volumes grew 167%, 59% and 101%, respectively.**

Growth Rates By Models in 2014 The growth in funding volumes continued to be primarily driven by lending-based crowdfunding, but significant annual growth in equity-based crowdfunding and increased adoption of newer hybrid and royalty based models indicates that the allocation of funding volume across different models will be more highly distributed over the coming years.

- **Lending-based crowdfunding grew 223% to \$11.08 billion**
- **Equity-based crowdfunding grew 182% to \$1.1 billion**
- **Hybrid-based crowdfunding grew 290% to \$487 million □ Royalty-based crowdfunding grew 336% to \$273 million**
- **Donation- and Reward-based crowdfunding grew 45% and 84% respectively.**

Most Active Categories in 2014 Crowdfunding’s popularity as a way to fund creative, philanthropic, and social endeavors still prevails but crowdfunding’s application for entrepreneurial ventures began to gain significant traction over the last few years. Business and Entrepreneurship had become the lead category by 2012 at 27.4% of total crowdfunding volume and in 2014 had increased in importance, accounting for over 40% of worldwide funding volume. In 2014, the lead categories share of funding volume was as follows:

- **Business & Entrepreneurship at 41.3% / \$6.7bn**
- **Social Causes 18.9% / \$3.06bn**
- **Films & Performing Arts 12.13% / \$1.97bn**
- **Real Estate 6.25% / \$1.01bn**
- **Music and Recording Arts 4.54%/ \$736m**

## Key Resources:

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- [Crowdfunding Market Grows 167% ... - Marketwired](#)
- [crowdfunding industry report - Crowdfunding.nl](#)
- [Crowdfunding Market Grows 167% : Crowdfunding Platforms ...](#)
- [Light Media Launches Crowdfunding Platform - Constant Contact](#)
- [REPORT: GLOBAL CROWDFUNDING MARKET TO REACH \\$34.4B ...](#)
- [Massolution \\_abridged Crowd Funding Industry Report - Scribd](#)
- [Crowdsourcing and Crowdfunding - The Industry Website](#)
- [2015CF Crowdfunding Industry Report - Crowdsourcing.org](#)