

Crowdfunding – STUDENT A



1/ PAIRWORK : What is crowdfunding ?

a) Have you ever used a crowdfunding platform to raise or to donate money ? If not, would you be willing to do it? What criteria would be important for you in order to decide whether or not to finance a project?

b) Fill in the blanks to complete the definition of crowdfunding :

alternative, donors, loans, vary, fees, raising, finite, venture, fund. platform.

Crowdfunding is the process of money to a project or a business through many using an online The raising window is usually- 90 days, for instance, and the and rules across platforms. 'Crowdfunding' has become an increasingly popular to raising money, different from conventional means like bank

c) Read the text below then answer the questions :

Crowdfunding isn't exactly a new idea. The first successful example of crowdfunding happened in 1997, when a British rock band took online donations to pay for a tour. By 2009, crowdfunding had gone more mainstream, raising more than \$530 million, and it has grown at an impressive rate ever since.

The global crowdfunding market size was \$84 billion as of 2018 and is expected to reach \$114 billion by 2026. Crowdfunding projects in North America generate \$17.2 billion per year. Fewer than a quarter (22.9%) of all crowdfunding operations end up being successful. Successful crowdfunding campaigns raise an average of \$33,430. 40% of crowdfunding investments are focused on business and entrepreneurship, while 20% focus on social causes.

As an alternative method of raising capital, crowdfunding turns the traditional method of business funding upside down. On a crowdfunding platform, project creators call on Internet users to help them realise their plan. To convince them, they draft a presentation page for their project. Then they set a goal in terms of the amount or unit reached to initiate or carry out the project. The rules of the game? Achieve this goal within a limited timeframe. If they fail to do so, all contributors are reimbursed. To ensure a successful campaign, the project leader must launch a broad communication push (using social networks, events, e-mails, etc...). They must first convince the people closest to them (friends, family, etc) before targeting their acquaintances and finally try to conquer the general public.

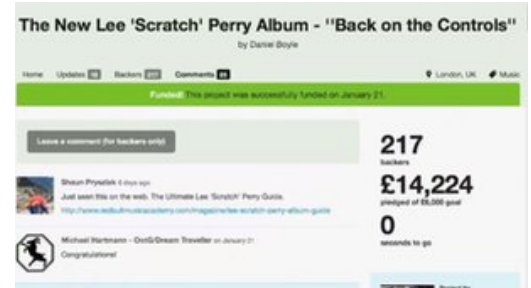
In general, there are three types of platforms for three types of fundraising: donation, loan and investment.

I. Crowdfunding: donation with or without compensation and pre-order

When a creator launches a fundraising campaign, they present their project to Internet users who are able to support it with a donation. In exchange, the project leader can thank their micro-patrons with a reward adapted to the amount pledged.

For what types of projects?

Crowdfunding in the form of donations is particularly suitable for creative, associative and entrepreneurial projects. This fundraising method is also used by brands and companies to pre-sell new products, services and event tickets.



Crowdfunding donations in key figures

In 2023 in the U.K, more than €81.5 million were donated to projects on crowdfunding platforms, with a total of 28,474 projects implemented last year.

Extra information

In 2007, the first British crowdfunding platform was launched with the aim of supporting musicians. Today, its scope has extended to all business sectors (sustainable development, solidarity, crafts, fashion, etc.) and society stakeholders (individuals, organisations, companies, local authorities, etc.)

II. Crowdlending: equity loan

On crowdlending platforms, individuals can lend money to the projects of their choice, with or without interest. On interest-bearing loan platforms, they receive in exchange for their loan financial interest over a pre-determined repayment period. Gross interest rates can vary between 2.5 and 12.5% per annum depending on the type of project, associated risks, etc. For project leaders, this funding method is a genuine alternative or a complement to traditional bank loans.

For what types of projects?

Crowdlending is particularly suitable for projects of renewable energy players, real estate development or established companies wishing to grow their activity, recruit, carry out a communication campaign, etc.



Crowdlending in key figures

In 2023 in the U.K, over €202.4 million were lent to projects on crowdlending platforms. As a result, 4,733 projects were successfully launched last year.

III. Crowdequity: capital investment

Individuals can invest in a company in exchange for an equity stake and thus become shareholders. The funds invested will help the company launch or expand. The remuneration of these micro-shareholders depends on the profits made by the company and subsequent dividends.

For what types of projects?

Crowdequity investment is particularly suitable for start-ups and young companies.

Crowdequity in key figures

In 2023 in the U.K, €47.1 million were invested in companies in order to fund 174 projects.

- Represent with a drawing the differences between traditional funding and crowdfunding :

- Fill in the table with information about the 3 different crowdfunding types :

Crowdfunding type	Definition	Example of a possible project

2/ 3 main crowdfunding platforms



1. Indiegogo

Indiegogo was the first major crowdfunding platform, and it has raised over \$1 billion since its inception in 2007. In 2020, the last year for which comprehensive statistics are available, the platform funded over 175,000 campaigns with contributions from 2.5 million people across 226 countries.

Indiegogo has no prohibitions against cause-related and humanitarian projects, and it also offers a "flexible funding" option that allows you to collect all your donations even if you don't reach your goal. The company keeps 5% of all money raised, whether you hit your goal or not. There's also an additional fee of 3% plus \$0.30 per transaction on any contributions made by credit card. There's also an equity investment option offered in partnership with MicroVentures.

2. ?

Platform	Information (activity, largest amount of money raised, largest project, kind of projects, fees and rules)

3. ?

Platform	Information (activity, largest amount of money raised, largest project, kind of projects, fees and rules)

3/ BBC news video - Watch the following video and answer the questions:

Yarn
To raise money
To bypass something or somebody
Dairy-free
Gluten-free
To get something back
A reward
A loan
A stake
To lend money
To borrow money
"D.I.Y"
An entrepreneur
To donate money
A niche
To rely on
To get by

Une récompense
Avoir quelque chose en retour
Un prêt
Emprunter de l'argent
Faire un don d'argent
Récouter de l'argent
Sans gluten
Un auto-entrepreneur
Une action (finances)
laine
De bricolage
Sans produit laitier
Court-circuiter quelque chose ou qq'un
Prêter de l'argent
Secteur de niche
Se débrouiller
Compter sur

a) What's the problem many entrepreneurs face when they want to start a business? Why?

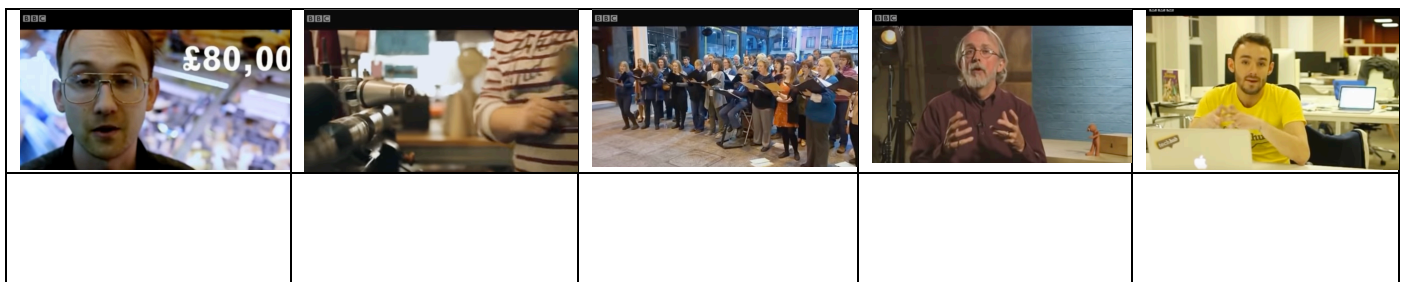


So what do entrepreneurs do to get funding? _____

Ex: "The Wind in the Willows" musical raised £

b) "Project leaders the bank and put these video on the Internet to money from people."

What do these people do? What domain of activity is represented?



c) Project #1: (name and activity)

What problem did the company have and what did they do to solve it?

Consequence = _____ within 24 hours.



d) Project #2: (name and activity)

amount of money wanted: £

e) How does crowdfunding work?

"If one person £100 >>>"

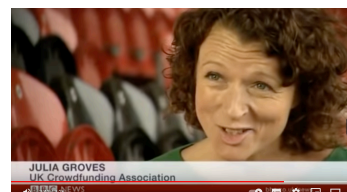
BUT if 1,000 people £100 >>>"

e) What do you get back when you participate in a crowdfunding campaign?

-
-
-

f) Julia Groves, UK crowdfunding association

*"Crowdfunding is not a "....." proposition anymore, with
..... people in the UK participating and projects funded."*



g) Project #3: (name and activity)

The reporter calls crowdfunding "D.I.Y finance": Why?



h) What about the risks? Christopher Woolard, Financial Conduct Authority

*"We've tried to hit a to enable a new of
funding to grow in the but at the same time, when you
..... money in a company that you understand the that
you're taking."*



FINAL TASK : Pairwork:

A rich investor (= your English professor 😊) has \$ 50,000 to invest in a project that can "change" the world or at least have a truly positive impact in one of the following domains:

- **Medicine**
- **Environment**
- **Animal and wildlife conservation**
- **Education**
- **Community and social impact**

📱 With your partner, browse crowdfunding platforms (*Kickstarter, GoFundMe, wefunder, RocketHub crowdcube, Indiegogo, CircleUp...*) and choose one project you think I would like to invest in :

- Name and information about the project (who, where, what?.)
- Insert a screenshot of the crowdfunding platform the project was launched on: Amount of money they want to raise? How are they doing so far? What type of crowdfunding are they using (traditional, crowdlending or equity loan)?
- Why is this a world-changing project ? Prepare **solid arguments** ! You need to convince me !
- Think about a English-speaking personality or an organization you could ask to sponsor this product/ service and justify your choice.
- Use the superlative AND linkwords to structure your speech.
- Do not forget to end your presentation with a one-sentence conclusion.



Before you start:

- For the presentation, you need to play the role of the communication managers of the project you selected.
- Prepare your catchphrase: the introduction of your presentation should be **striking, surprising and powerful**.

- The easiest way is to use a question:

Ex: *Have you ever dreamed about having a gorgeous vegetable garden without having to water it every day?*

Wouldn't you like to live in a world free of pollution?

Wouldn't it be great if we could cure all cancers?

- You can also start by giving some data about the problem your project is promising to solve:

Ex: *Every year, ... millions of people die of...*

-Watch the keynote presentation of the Ipad done by Steve Jobs in 2010 (<https://www.youtube.com/watch?v=eZ87BRCrh0w>) and write down the adjectives he uses to qualify the Ipad or the experience of using one:

.....

.....

.....



CROWDFUNDING PROJECT TEAM EVALUATION

/20 pts

Powerful catchphrase 3 pts

Detailed and clear information on the project 6 pts

Solid arguments used to convince the investor 8 pts

Justification for the personality/ organization 3 pts