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# Guide to Crowdfunding by Junko Yamamoto

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Category: Business Creation

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Original title: クラウドファンディング入門 by 山本純子

**Why:** I need to fund my startup without a bank.

**Goal:** learn about what leads to a successful crowdfunding project.



**Action:** Hustle, tell your fan a great story.

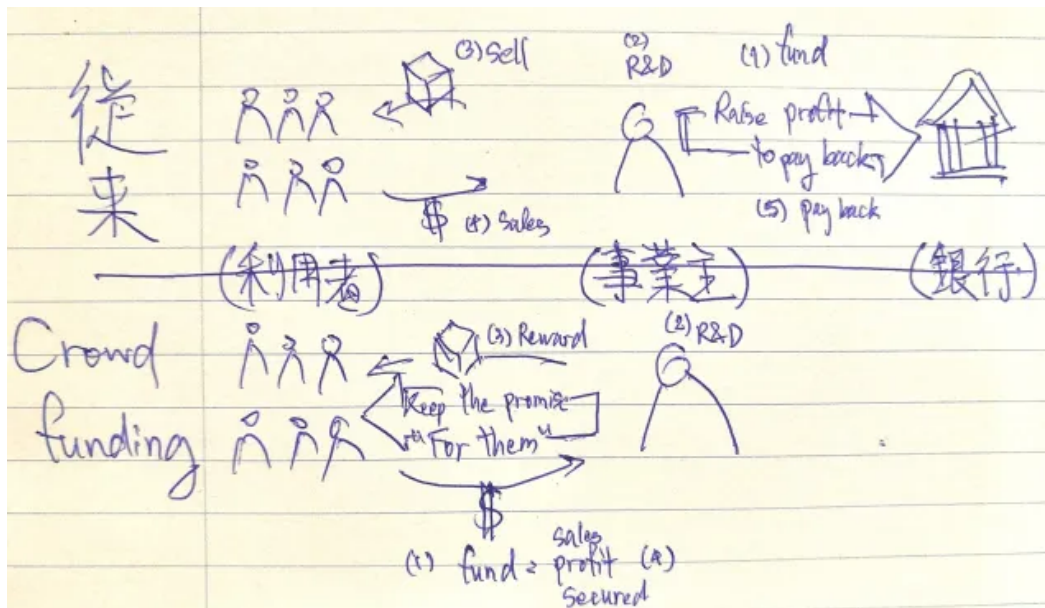
## 3 Key Concepts

1. Earning by keeping your promise to the fans.
2. Game design: Motivating emotion, social call to action, re-engagement, visible progress/reward.
3. Keys to success: non-material rewards, engaging communication, pre-established network.

## Summary

**What is Crowdfunding?** It is the system that allows anyone to gather money from a group of people (on the internet) without knowing them. And this group of people is automatically your first customer. How nice, right? Read further, you will notice it is not so simple. Below is an illustration I jotted down from the book.





Top: conventional funding from banks, 利用者: users, 事業主: business owner: 銀行: bank

**Game design**, crowdfunding system is compared to a game. They are based on human desire. To be a part of something that identifies them, the way they perceive themselves or wanted to be perceived. All the same, time, earning a nice reward for participation. The engaging cycle in the fundraising project is compared as follows.

- **Motivating emotion:** inviting letters, images, movies.
- **Social call to action:** “like” on the project, tweet, share about it on SNS.
- **Player re-engagement:** reward promise, progress to reach a target fund, comments, etc.
- **Visible progress:** a clear rule to win the reward and clear ending of a campaign.

**Types of rewards;** By participating in crowdfunding, users have to trust the project owner to deliver and pay upfront. Why would anyone do that? Here are additional rewards from crowdfunding.

- **Product:** product (material)
- **Experience:** be a part of making process.
- **Acknowledged:** be the one who made it possible, appear in a credit role.
- **Feel special:** be a part of exclusive club.

As you can see, the last 3 rewards are **non-material**. It is more than just a transaction. On the contrary, if the project owner does not offer involving experiences, acknowledgment, and exclusiveness, **the project will not reach its full potential**.

Lastly, keys to SUCCESS.

**The first half is rewards settings** as we have seen above. Be sure to offer your fan a full range of rewards.

**The second half is communication.** It highly depends on how good you are at involving supporters during the fundraising. Especially, non-material rewards like experience and exclusive community.

**Prerequisite ingredient: existing fan network.**

“

**The most overlooked ingredient is a fan base.** Yamamoto-san underlined this point repeatedly. Crowdfunding is supposed to use as a tool to open up to the world. It is merely a magnifier, not a shortcut. Without a community that trusts in you, there will be no fundraised. **No matter how small your fan base is you must find one or two to begin with.**

“

If you say you don't have any fan,  
do it the old-fashioned way, playing street live,  
singing for free, and sincerely interacting with  
people who talk to you and the people you like.

Anyway, make a few fans.

Amanda Palmer

**Goal check:** I learned the trait of crowdfunding and some tips to launch an engaging project.

#### Wasu's Review

( 3.0 / 5.0 )

**Bonus:** Check out “how to start a movement” by Derek Sivers (under 3 min), because the success of crowdfunding is predicted in the first few days after launch. **You must secure the first follower!** (the first follower is the first person to join the lone nut and make him a leader)

Derek Sivers  
How to start a movement



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