ONLINE CROWDS: RELATIVE NEW & EMERGING

Early 1990s

1997

Open source movement

2000

2006

Crowdsourcing

2006

Crowdfunding
CROWDFUNDING: INCREASING (ECONOMIC) IMPACT

Doubling volumes

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>€ 2.000 million</td>
<td>€ 3.700 million</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>€ 605 million</td>
<td>€ 1.155 million</td>
<td>€ 1.967 million</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>€ 14 million</td>
<td>€ 32 million</td>
<td>€ 60 million</td>
</tr>
</tbody>
</table>

Platforms multiplying like wildfire

<table>
<thead>
<tr>
<th>Type</th>
<th>2012</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global</td>
<td>&gt; 450</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>119</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>44</td>
<td>87</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>29</td>
<td>81</td>
</tr>
</tbody>
</table>
NEED FOR SERIOUS ALTERNATIVE FUNDING INSTRUMENT

Economic crisis result in reduced
• Financing SME projects up to € 250.000 (e.g. Wakkee & Van der Sijde 2013)
• Financing innovation projects (EIM 2012)
• Subsidies for cultural sector (Raad voor Cultuur 2012) or social developments

In addition
• Banks and other traditional financing parties lacking trust
• Investors/donros aim to have a more direct influence on spending of funds
“Crowdfunding involves an open call, essentially through the internet, for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes”

(Lambert & Schwienbacher, 2010)
Although sharing two main characteristics...

- Large numbers of funders, small amounts per funder
- Social networks and social media used to interact with the crowd

... a variety of manifestations can be observed

- Variety of incentives: no, small reward, product, financial return (Griffin 2012)
- Using crowdfunding platform versus individual crowdfunding practices (Belleflamme et al 2013)
- External crowdfunding versus integrated into existing enterprises (Muller et al 2013)
- Return rule (all-or-nothing) versus direct donation (Wash & Solomon 2014)
- Public good versus non-public good financing (Burtch et al 2013, Belleflamme et al 2013)
## TYPES OF CROWDFUNDING

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount per crowdfunder(^1)</th>
<th>Total funds paid out(^2)</th>
<th>Launch to completion(^2)</th>
<th>First and last 25% milestones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donation-based</td>
<td>Less than €100</td>
<td>75% &lt; $5,000</td>
<td>10.2 weeks</td>
<td>3.6 – 3.3 weeks</td>
</tr>
<tr>
<td>Reward-based</td>
<td>Less than €100</td>
<td>75% &lt; $5,000</td>
<td>10.0 weeks</td>
<td>2.9 – 3.6 weeks</td>
</tr>
<tr>
<td>Lending-based</td>
<td>€100 - €300</td>
<td>80% &gt; $25,000</td>
<td>4.8 weeks</td>
<td>2.3 – 2.6 weeks</td>
</tr>
<tr>
<td>Equity-based</td>
<td>€100 - €300</td>
<td>80% &gt; $25,000</td>
<td>8.2 weeks</td>
<td>3.1 – 2.5 weeks</td>
</tr>
</tbody>
</table>

1. Estimates Douw&Koren
2. Crowdfunding industry report; market trends, composition and crowdfunding platforms. May 2012
MULTIFACETED RESEARCH

Organizational science

Innovation management

Information systems

Psychology

Regulation & policy

Development studies

Philanthropy

Entrepreneurial finance

(Social) network analysis

Linguistic studies

..............................................
Publishes research agendas:
• Lehner 2013
• Gerber et al 2014

Topics of personal interest:
• Sustaining crowdfunding
• Managing large, chaotic and perhaps unprofessional crowds
• Motivations of crowdfunders to social ventures
• Empowerment & disempowerment of finance seekers
• Enterprise crowdfunding
• Market validation