



9 April 21

PRE ORDER NEL CROWDFUNDING: il ruolo dei sostenitori e le opportunità di co-creazione di valore



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WELCOME

- What is Crowdfunding?
- Pre Order Crowdfunding
- Crowdfunding and Value Co-Creation
- What backers are looking for?



EUROPEAN CROWDFUNDING NETWORK, 2012

Crowdfunding (CF) is an emerging source of financing involving open calls to the public, generally via the internet, to finance projects through monetary contributions from a community.



CF Models



Community Based

Supporters receive emotional or material rewards for their financial support.

Donation CF
Reward CF / Preselling o Preorder
Civic CF



Crowdfunding

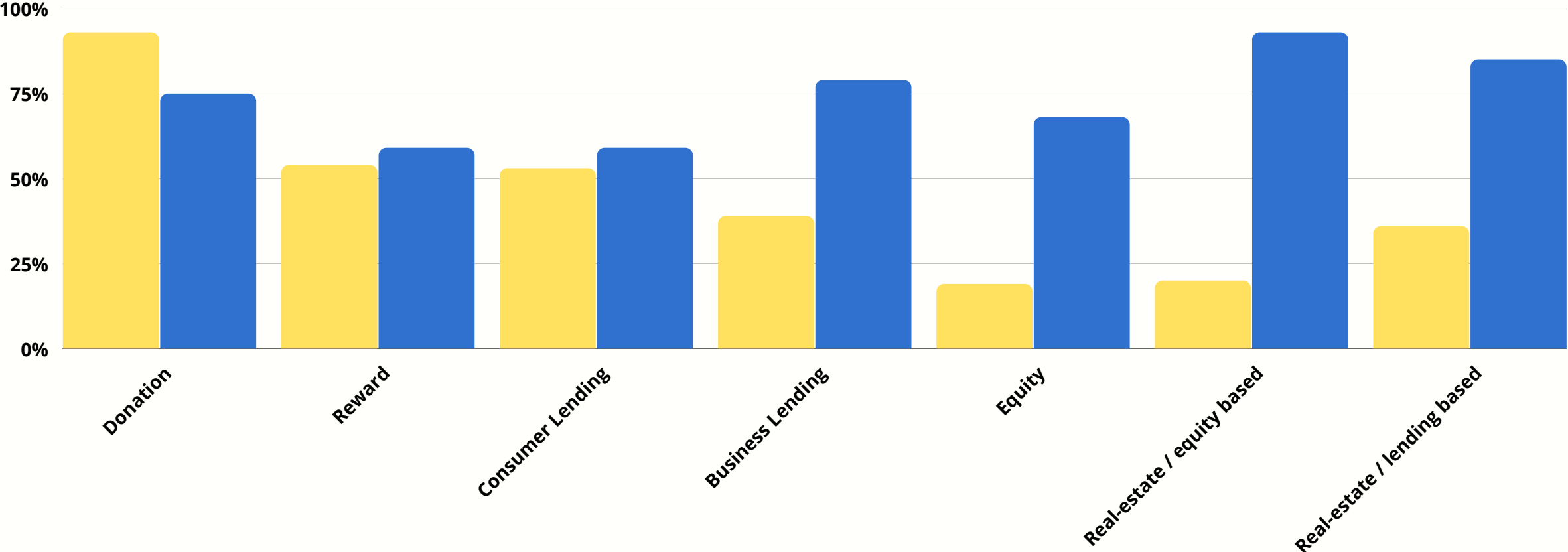
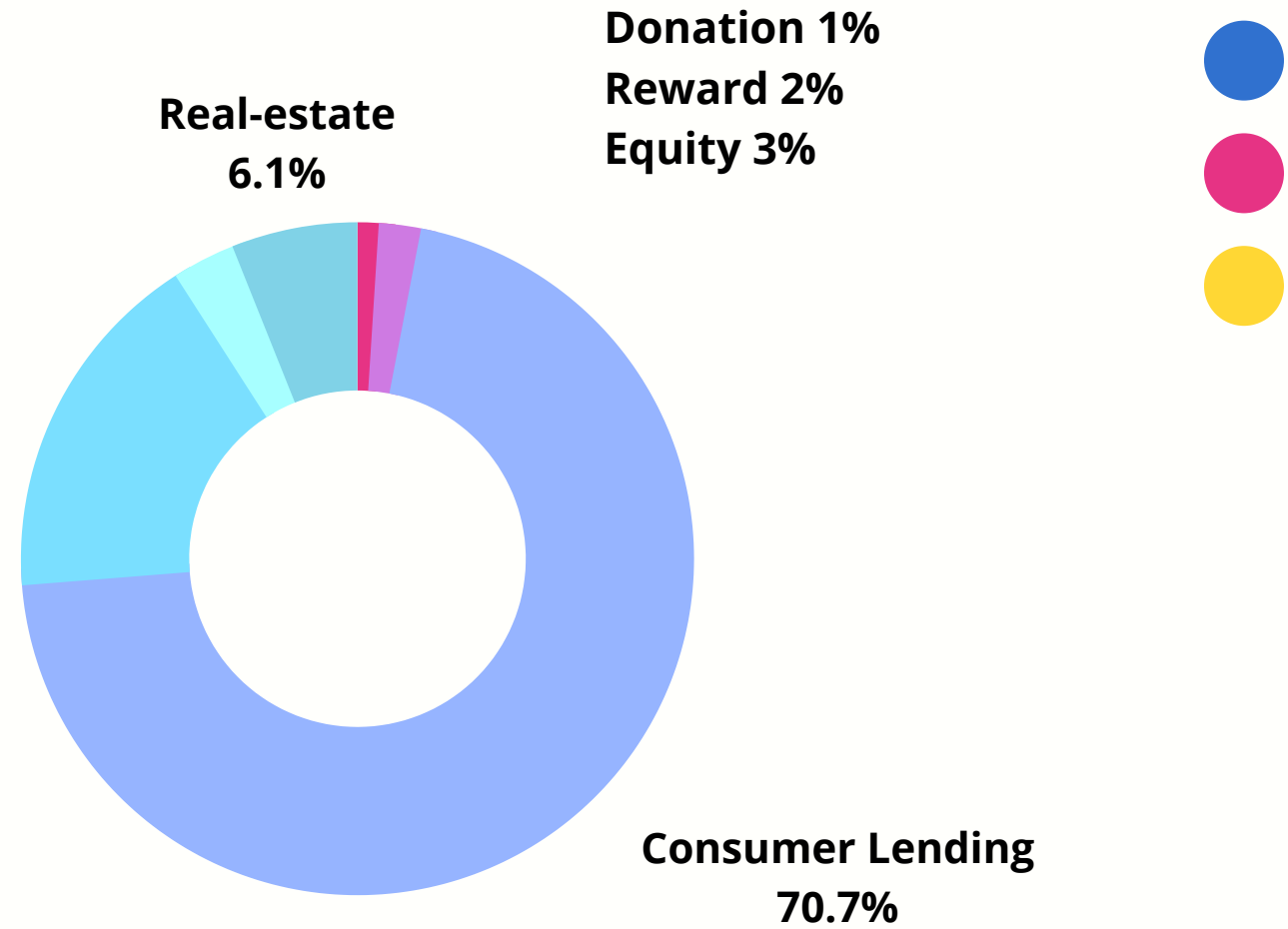
Equity CF
P2P & P2B Lending CF
Real Estate CF

The retailer can invest in startups and businesses, by lending money or acquiring stakes in companies and projects.



CF in Numbers

- Onboarding rate
- Successful funding rate



PRE ORDER CF



CROWD AS CO-INVESTOR

Entrepreneurs collect financial resources from the crowd, offering the pre-purchase of the product for which they are collecting capital.



NOVAÆTAS
Black Rose
WARS



How it works

Let's co-create with the crowd

Entrepreneurs

- Product proposal presentation > video, photo, graphic materials, and project' detailed information
- Rewards Structure > price, material rewards, exclusive materials, stretch goals
- Digital Mktg > Social media and digital adv to engage the crowd



The Crowd

- Evaluate and pre-purchase new product
- Interact with other stakeholders
- Co-invest and co-produce a new market proposal

Reviewers Ambassador CF Platforms

- Expert reviews
- Information Sharing
- E-WOM



Beyond Money

PRE ORDER FRINGE BENEFITS

● IDEA VALIDATION

Is there an audience? What problem my product / service is supposed to solve?

● MARKET VALIDATION

Nurturing a clear picture of product' performances before its launch

● PRODUCT VALIDATION

Like vs Dislike: Customers' expectations

● MARKET PENETRATION / GROWTH

CF as a sales and promotional channel



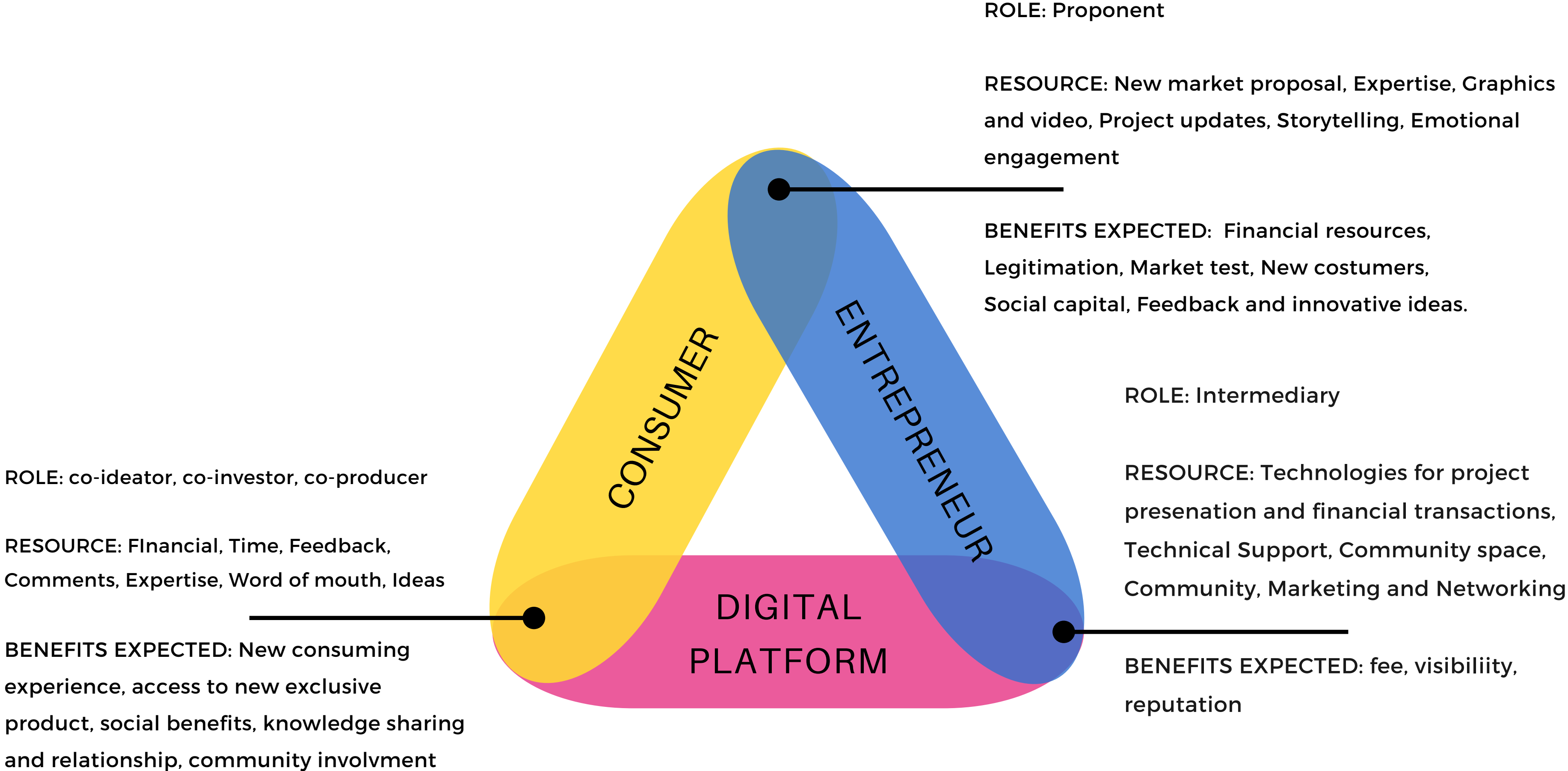
CF and Value Co-creation



VALUE CO-CREATION:

A joint process during which value is reciprocally created for each actor (individuals, organizations, or networks). These actors engage in the process by interacting and exchanging their resources with one another. The interactions occur on an engagement interface where each actor share its own resources, integrates the resources provided by others, and potentially develops new resources through a learning process.

CROWDFUNDING AND VALUE CO-CREATION





Value Co-Creation opportunities

Co-Production > Resource exchange

- KNOWLEDGE SHARING
- PSYCHOLOGICAL OWNERSHIP
- INTERACTIONS

Value in Use > Experience

- PERSONALIZATION
 - RELATIONSHIP
- 



**What the Crowd is
looking for?**

PARTICIPATE IN A COMMUNITY

"this model gives people the opportunity to be involved in something that they maybe otherwise wouldn't have the opportunity to be involved in.. from an emotional standpoint, my goal is to be a part of this community"

SUPPORT CREATORS AND THEIR PROJECTS

"If i like the personality of the team, I may donate even if I don't intend to use the product myself"

REWARDS

"I like that I get something sent to me. I know it's small, but like, I enjoyed getting a postcard and a CD...I'm looking forward to getting a DVD if the project actually comes to fruition."

EARLY ACCES TO NEW PRODUCTS

"The most important thing that made me pledge was the miniatures quality and the idea that they will never be printed again"



Research Rationales

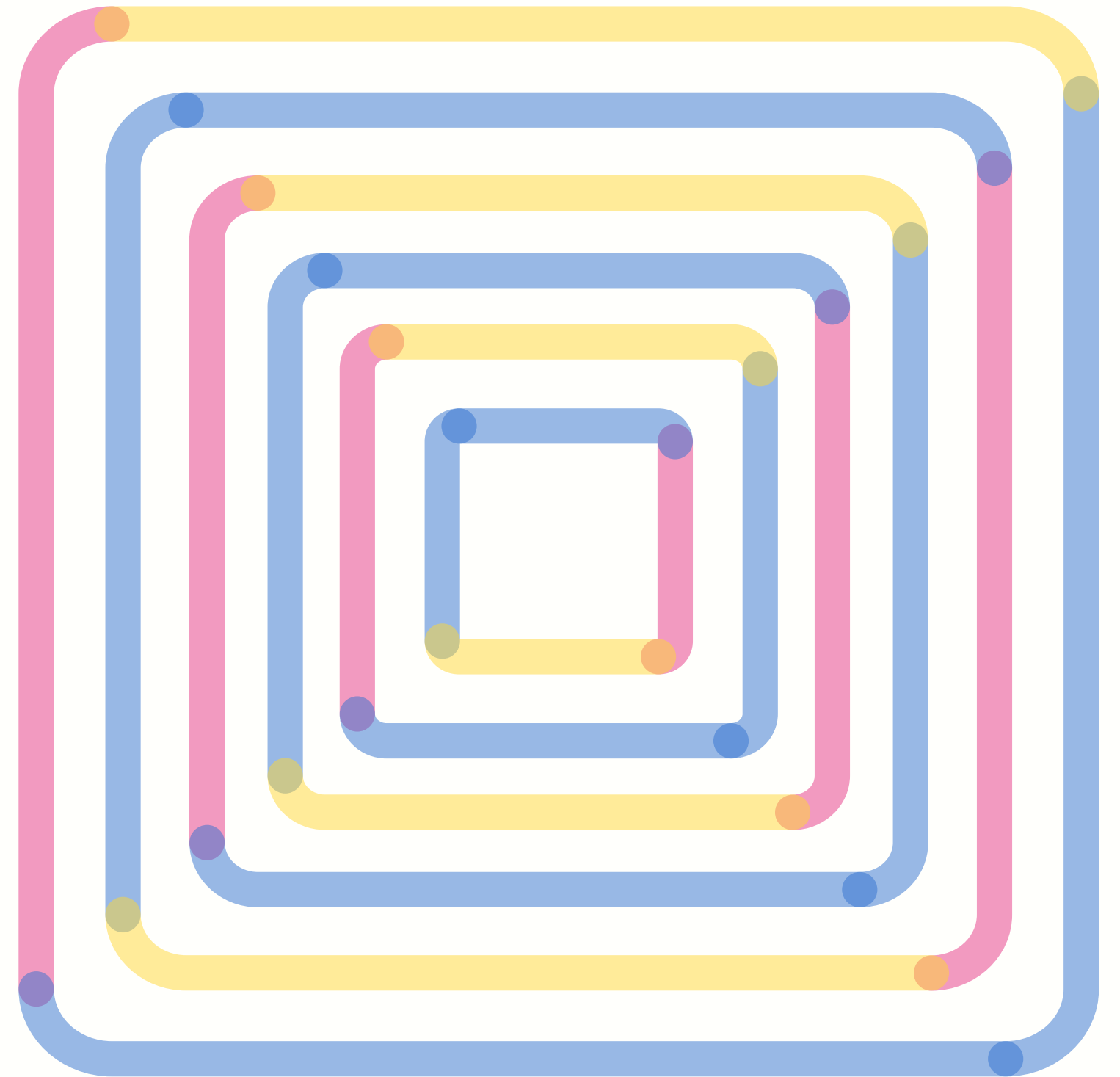
- Available studies analyze success factors by looking at ex-post campaigns' performance
- Few evidences on the backers' incentive to support new product via crowdfunding

The survey

SURVEY DELIVERED > 8.364

RESPONSE RATE > 43% (3.620)

Backers' participating to the survey received an additional reward: a card with special powers.



Black Rose Wars by Ludus Magnus Studio

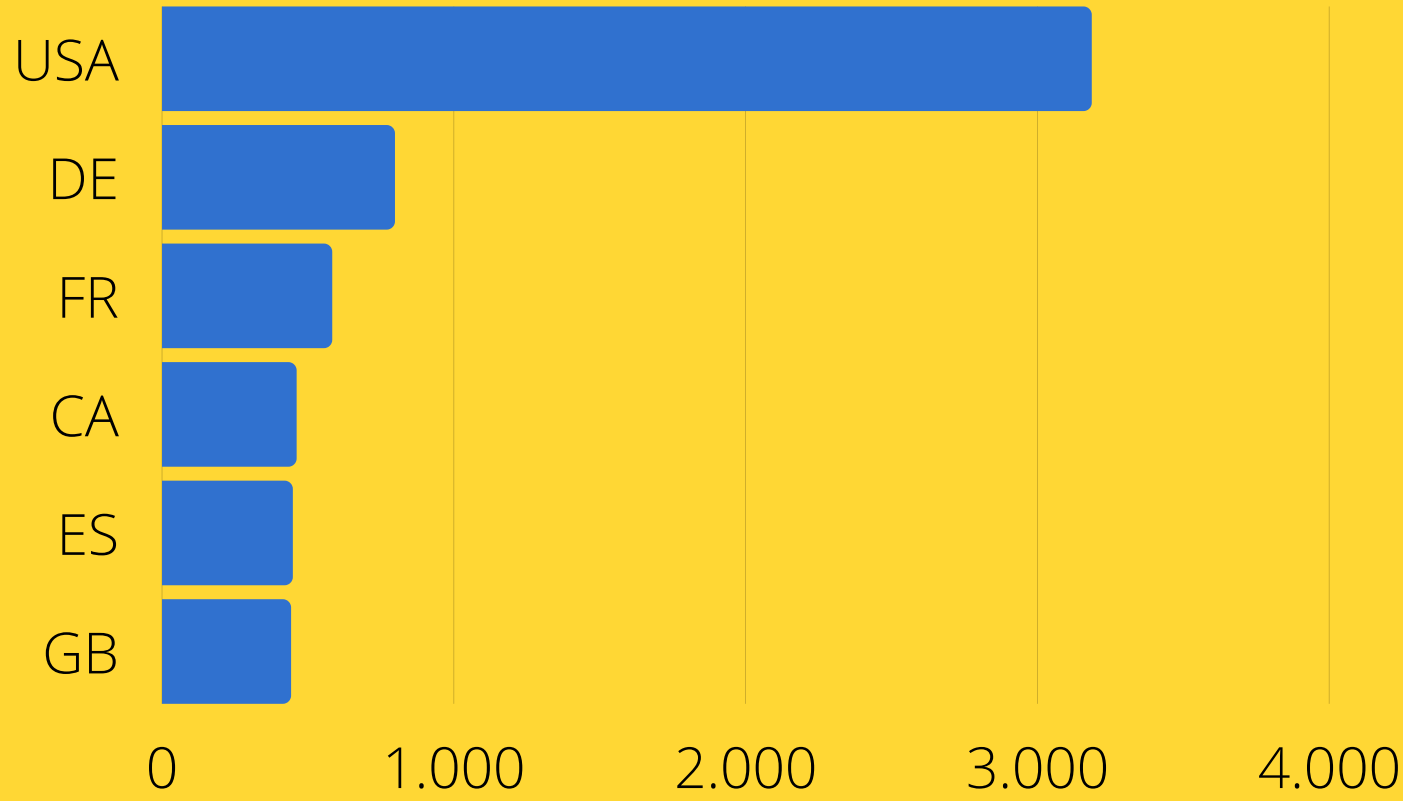
Funded 1.311.558 \$

Goal 60.000 \$

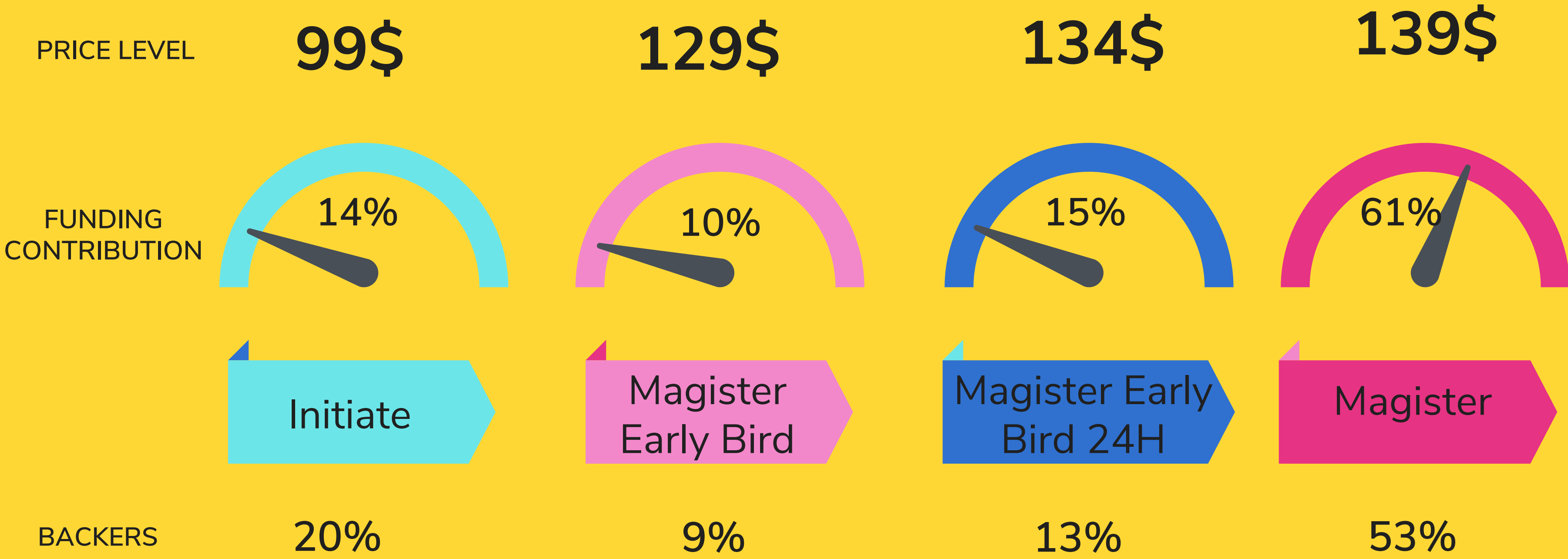
2086% overfunding

Duration > 24gg

Average Pledge > 156\$



Reward Structure & Popularity



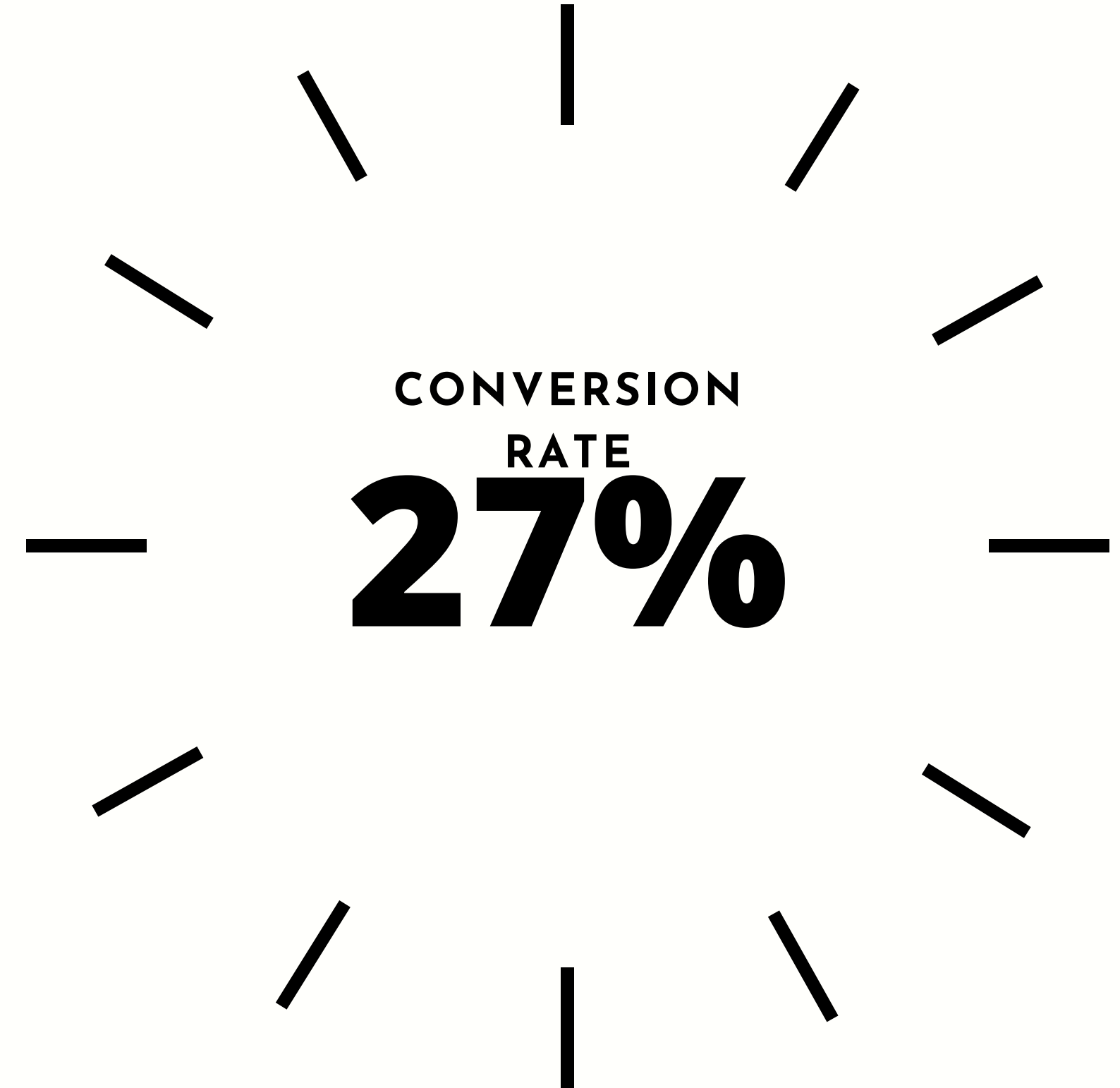
Followers

Engagement

Campaign followers are the total followers of the project. Converted followers are the number of people who funded the project. The conversion rate is the percentage of followers investing in the campaign.

12.921
Campaign Follower

3.530
Converted Follower



Sample(s)



8364

KS BACKERS

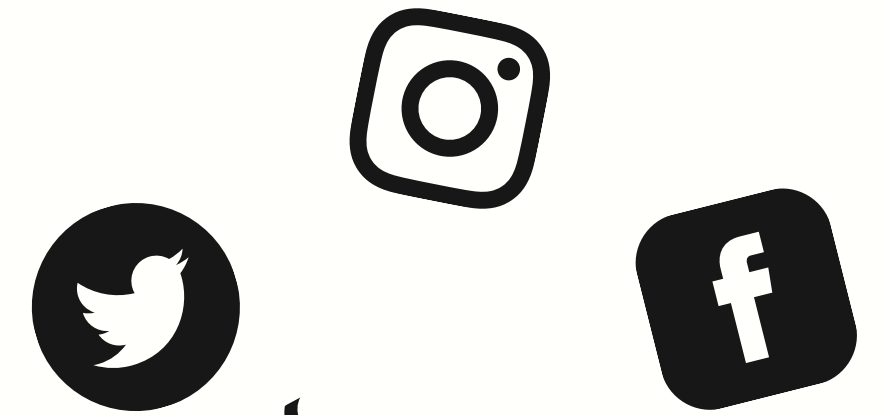
Backers' pre-purchasing the product during the CF



316

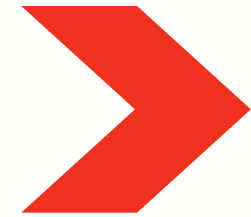
LATE PLEDGE

Early adopters who pre-purchased the product after the campaigning closing



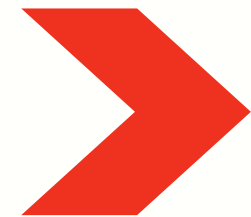
Survey Dimensions

Expertise



Backers' expertise in the game field, backers' expertise with KS functioning

Team Preparedness



Soft and Hard skills: expertise, communication, reliability

Quality



Product presentation, quality of the product, price

Reward & Pledge



Personal and general incentive to pre-purchase the product

E-WOM



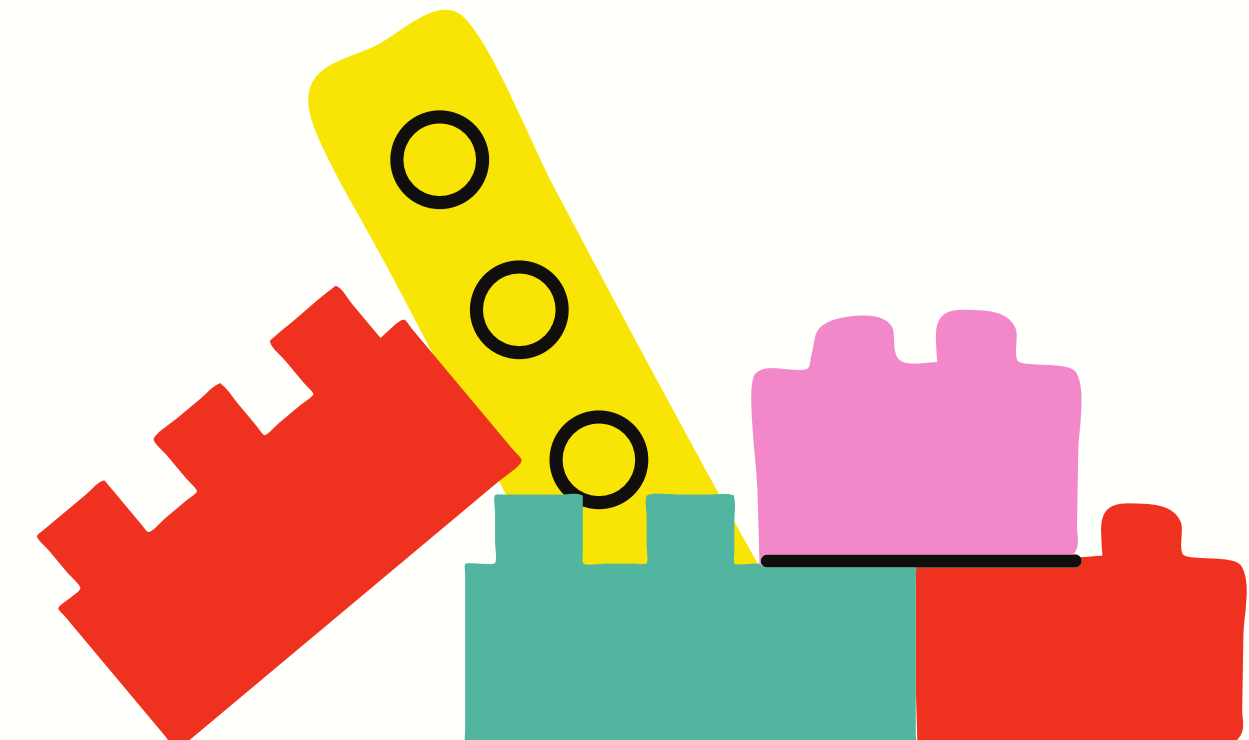
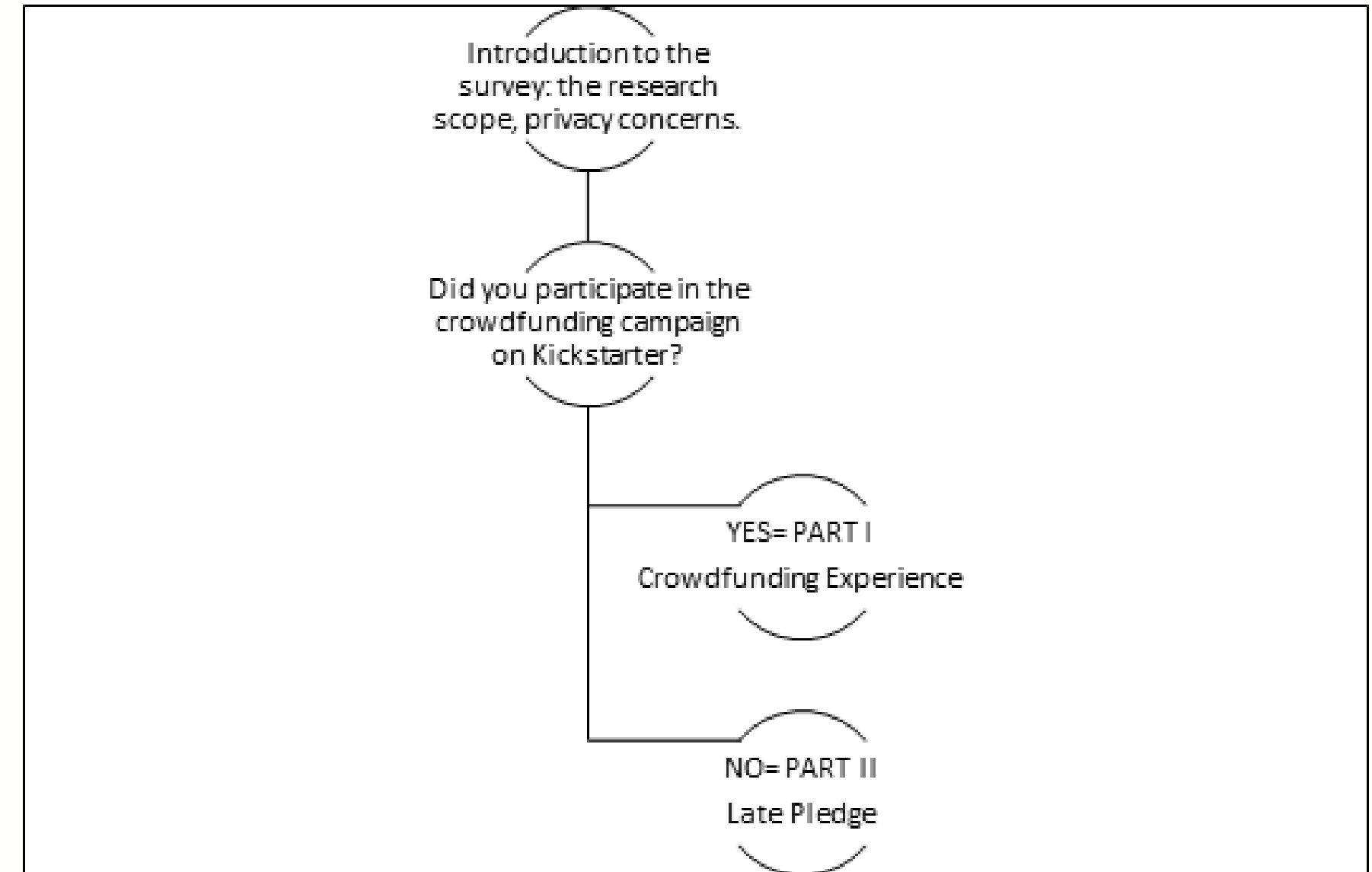
Word of mouth: reviewers, backers, expert

Survey Structure

Likert scale, 5 points

Strongly disagree/Strongly agree

Dimension	Items (n°)	Instruments
Expertise	4	I am an expert in the games sector.
		I well know how KS works.
		I often support other KS campaigns in the games category.
		I often support KS campaigns in other categories.
Team	2	The team is competent and reliable.
		The team communicates adequately and frequently with supporters.
Quality	3	The quality of the product is higher than the average quality of games pre-launched on KS.
		I was interested in the rewards offered during the campaign.
		Pre-purchase price is a great deal.
Reward and Pledge Choice	5	Exclusive KS materials influenced my reward choice.
		The number of times the reward had already been chosen by other supporters influenced my choice.
		The add-ons motivated me to choose the reward.
		The stretch goals motivated me to choose the reward.
		Shipping time estimation influenced my pledge.
Word of mouth	5	Based on the reviewer's importance, reviews are trustworthy.
		Reviews reinforced the information I had previously about the product.
		Reviews motivated me to make the purchase decision.
		Backers' comment and opinion reinforced the information I had previously about the product.
		Backers' comment and opinion reinforced my willingness to purchase the product.

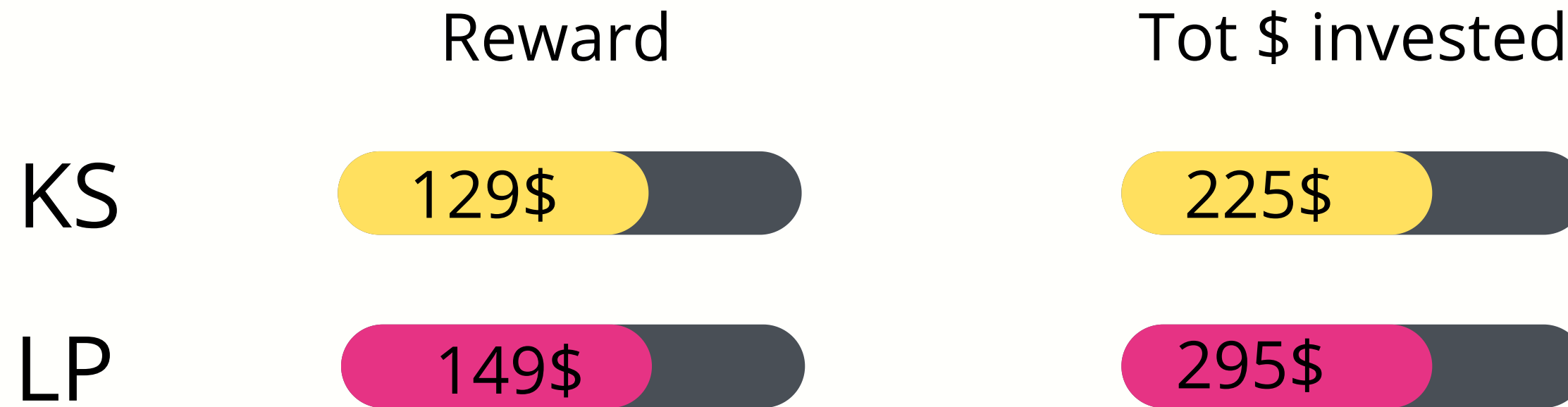


Financial / Privious Knowledge



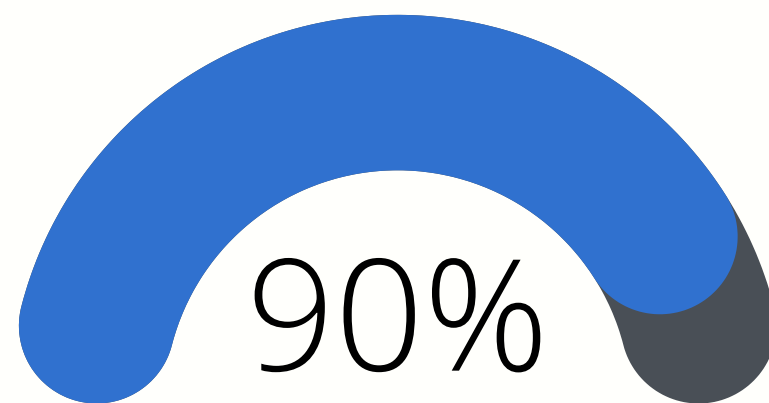
Financial efforts

Pledge vs Reward

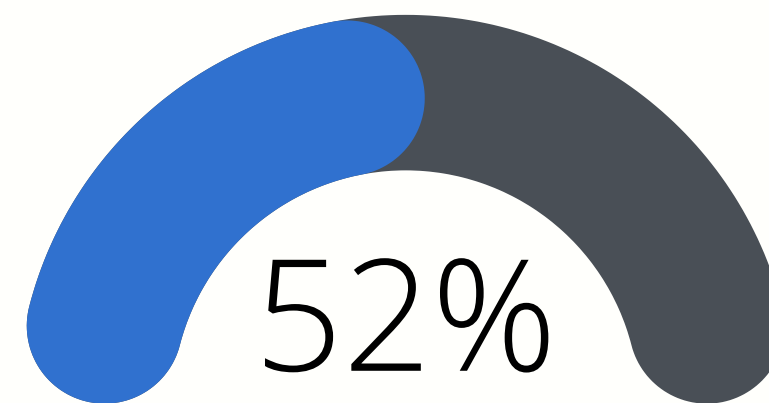


Have you ever heard about them?

Kickstarter backers' retention rate: 34%



of the total sample did not know the team



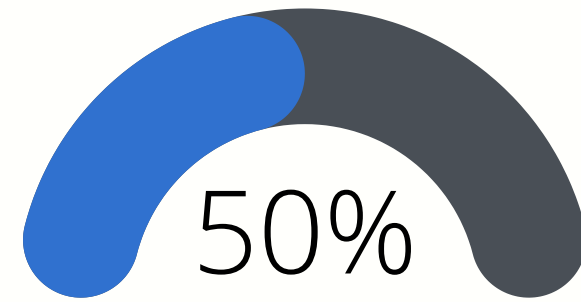
of the supporters collected additional information before pledge

Kickstarter Experience

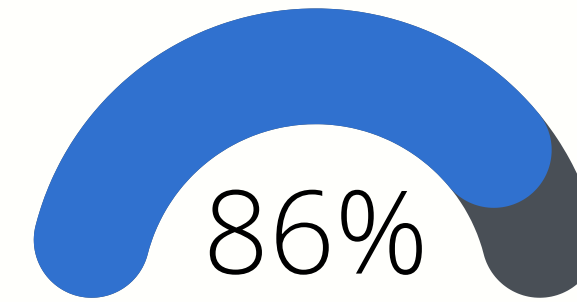
EXPERTISE, TEAM, QUALITY

Team preparedness, high quality presentation and personal and general incentive to participate favor the CF success.

Backers' expertise



Expert in the game field / Gamers



KS digital literacy

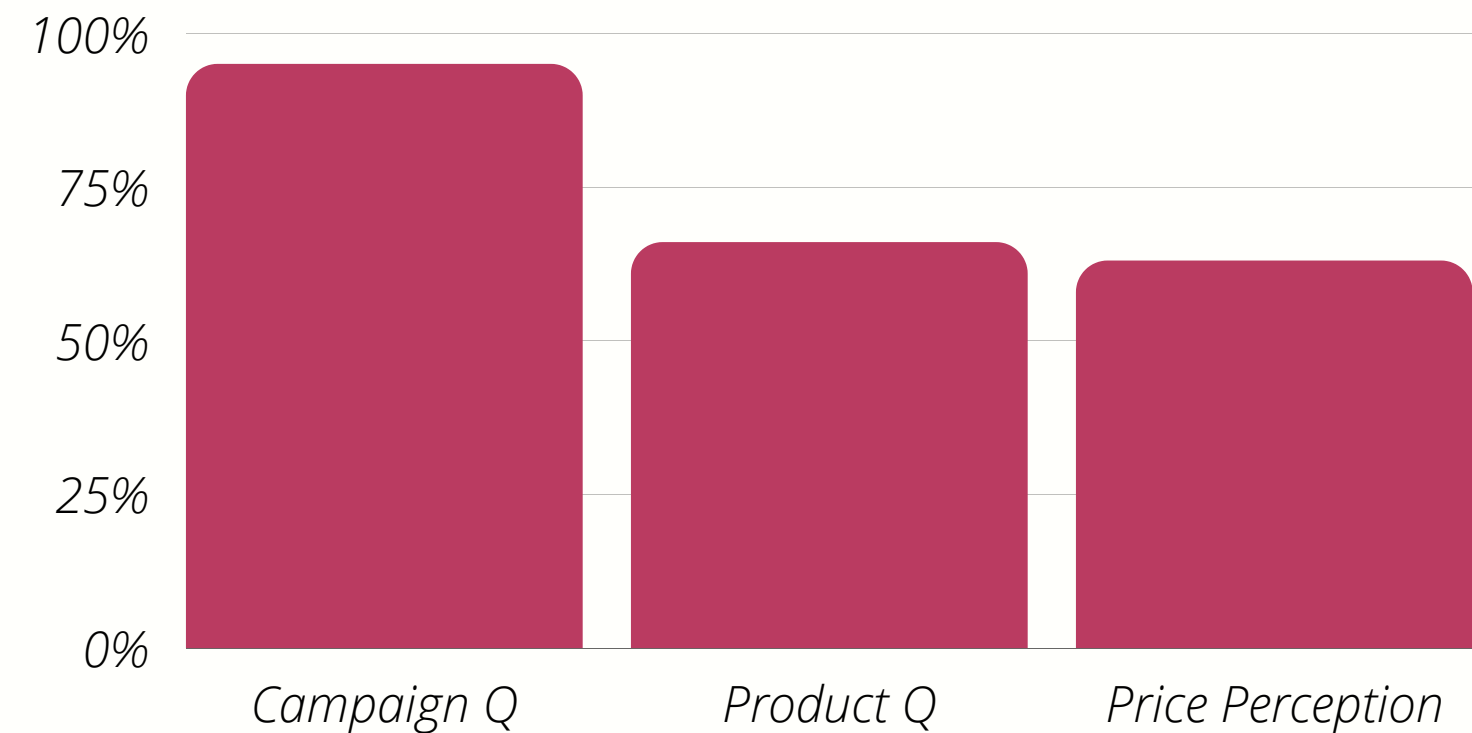
Team Preparedness

Hard Skill  70%

Soft Skill  81%



Quality

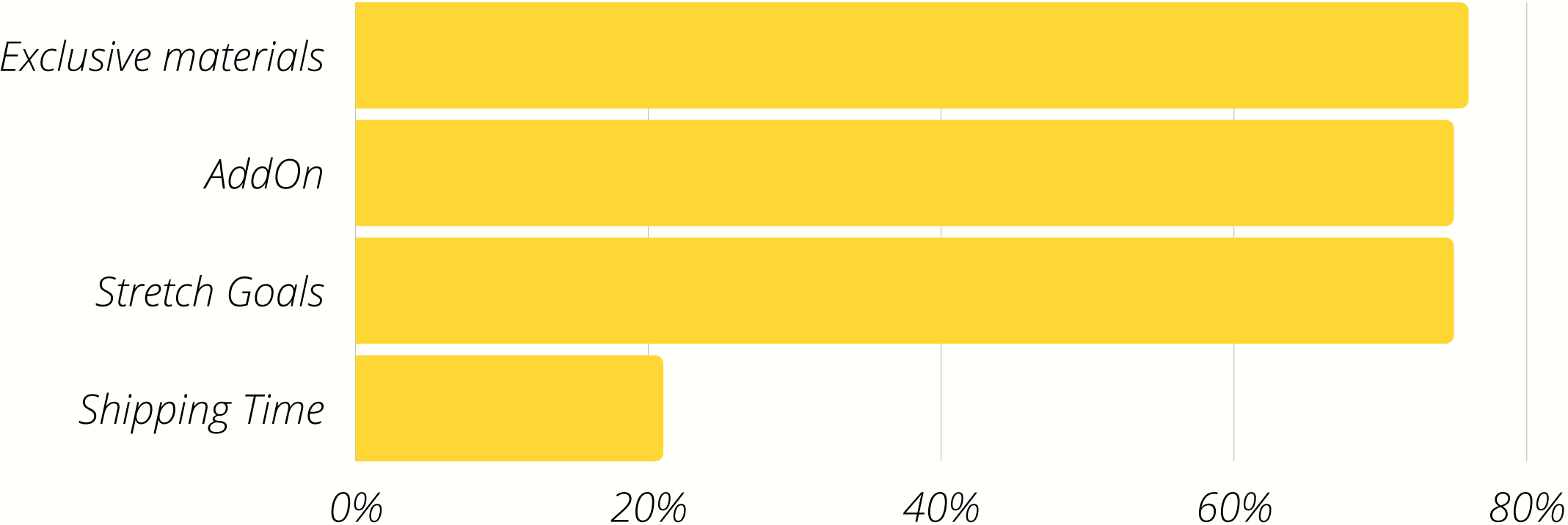


Kickstarter Experience

REWARD & E-WOM

CF mechanisms are strictly linked to social capital and knowledge acquisition.

Reward & Pledge



E-WOM



By Timing

Incentives to participate can change according to the timing of the fundraising cycle.


General incentives, such as stretch goals, can favor the success of the financial collection in the final phases.

E-wom produced by the different actors - e.g. reviewers, early backers, community - contribute to generating collective judgments about a new product proposal.



Stretch Goals

The production of Black Rose Wars will be possible above all thanks to your support. For this reason, we've decided to thank you by giving away a few SG Kickstarter Exclusives. During the campaign, a number of SGs and Add-ons will be released, dedicated to all those who believe in our project. These expansions will be easy to recognize by way of the label shown below and will not be available through normal sales channels. We reserve the right to sell them as promotional material at trade shows or during events on our online store.



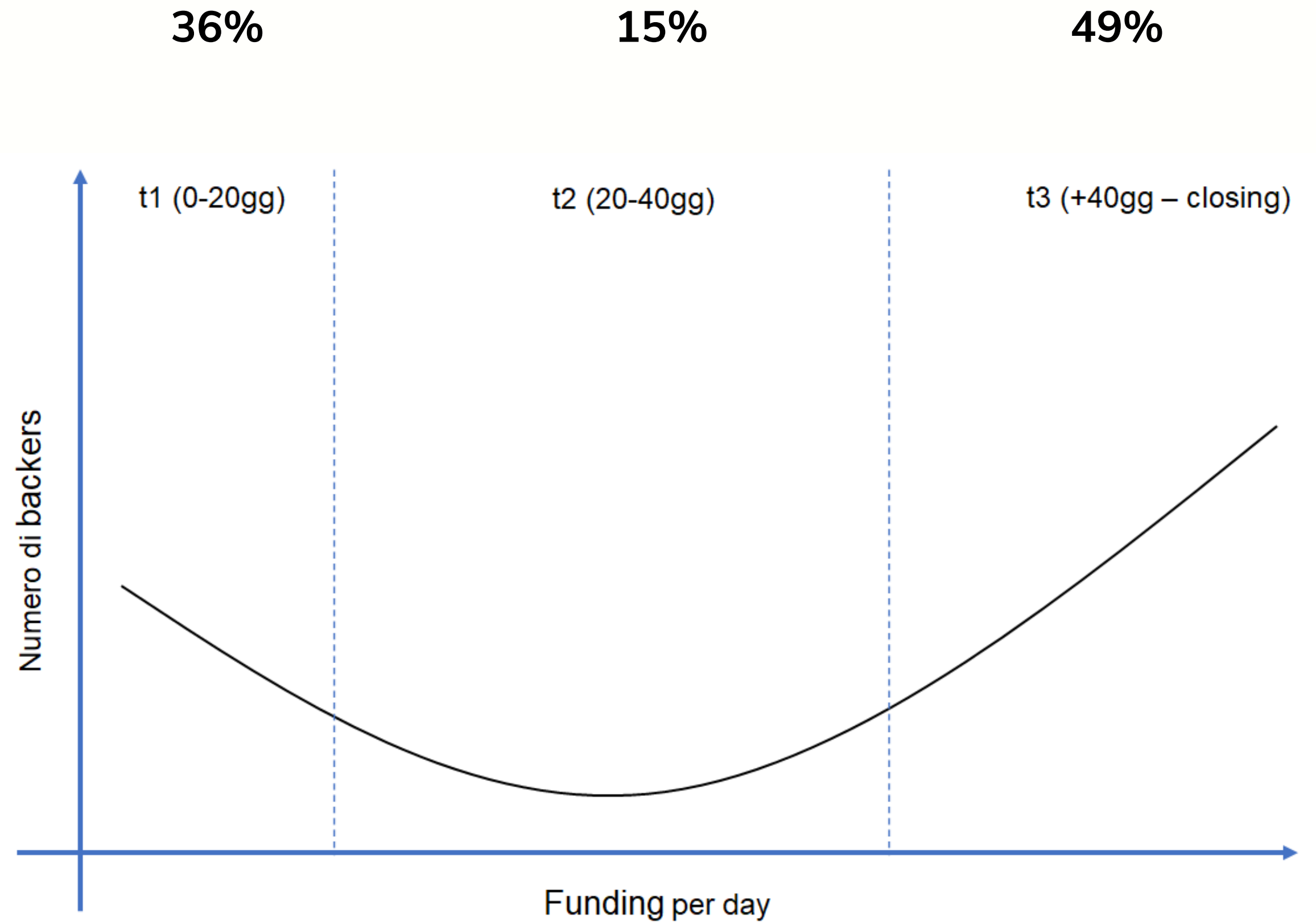
Over 100 Stretch Goals unlocked so far!



CF Campaign Timing

t1,t2,t3

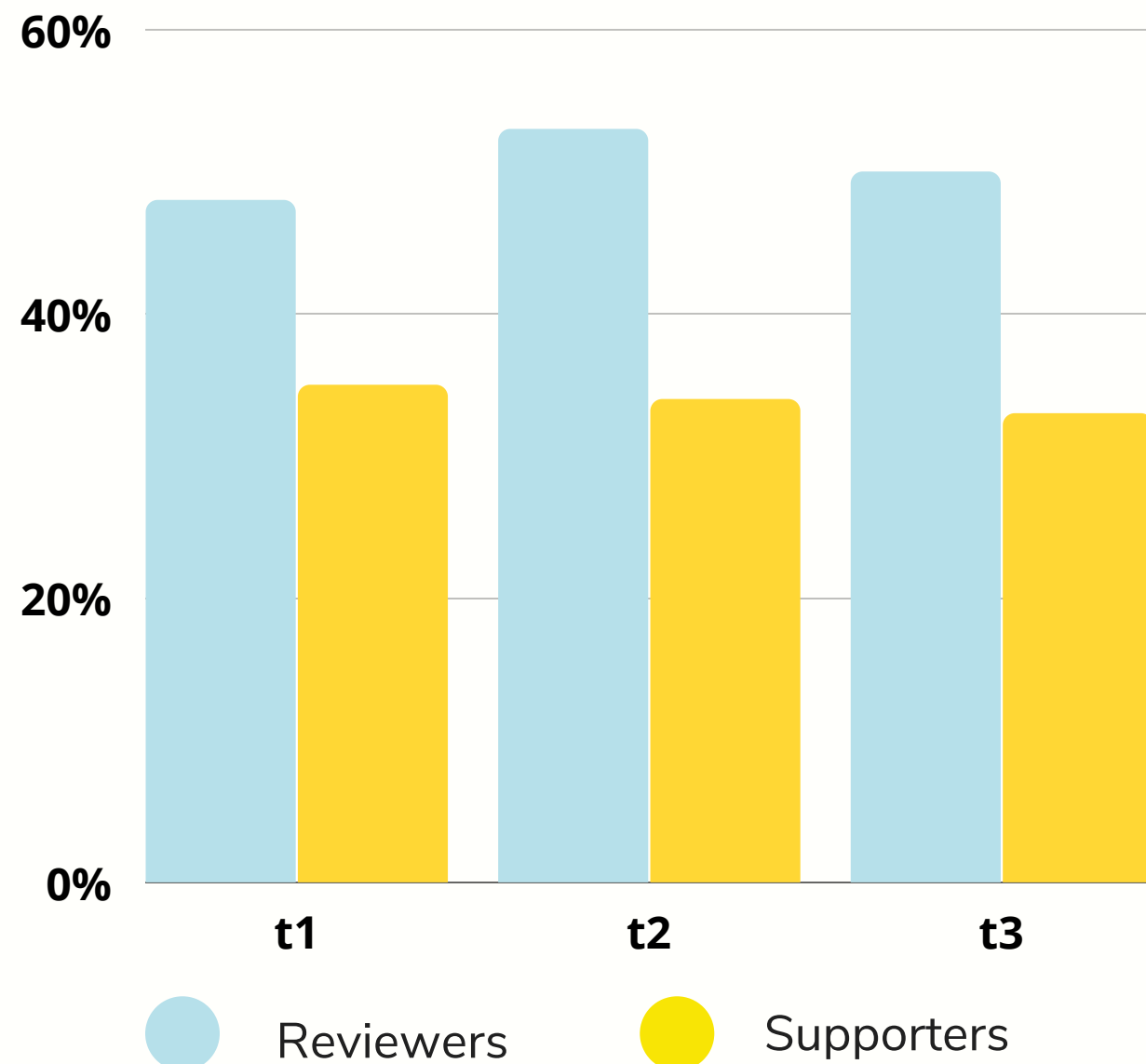
CF campaigns generally get a lot of support from backers in the first and last weeks of the funding cycle.



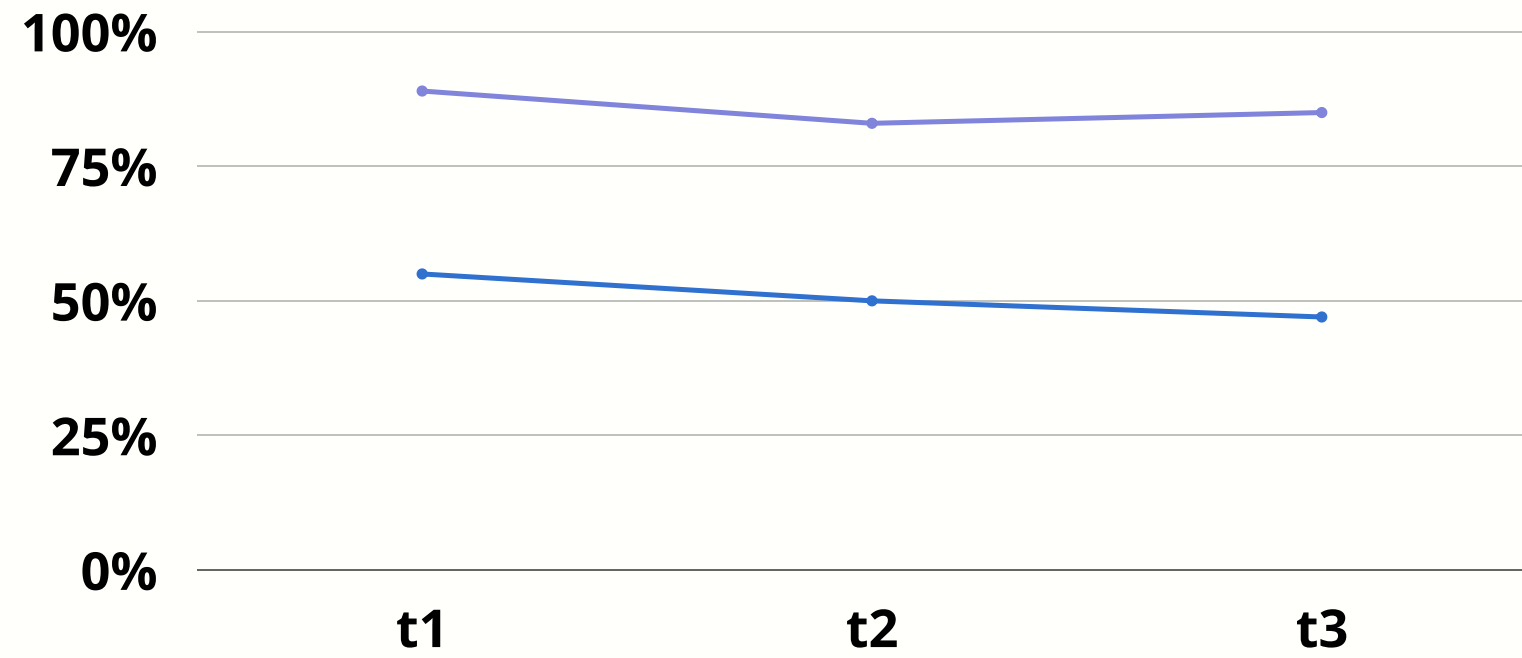
By Timing

Any changes?

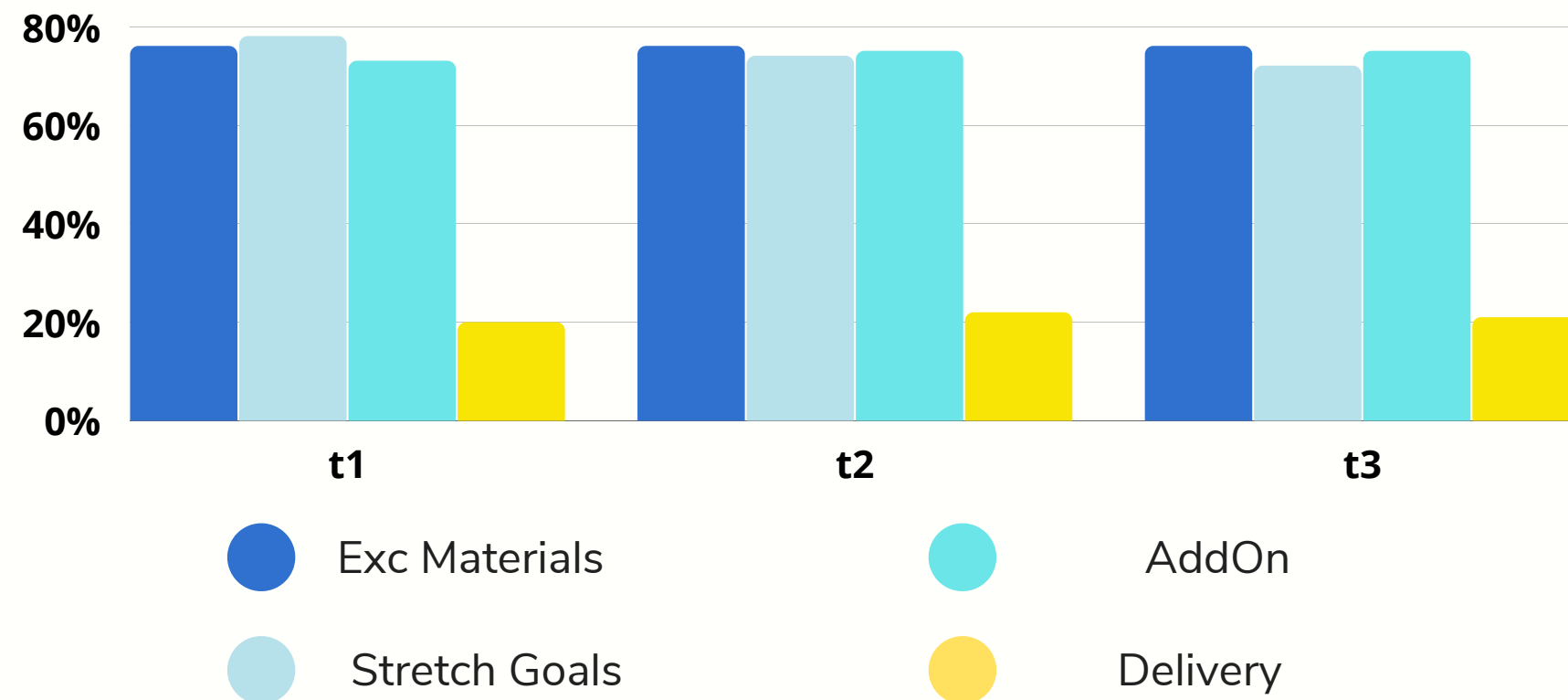
E-WOM



Backers' expertise



Reward & Pledge



By Reward

4 REWARD LEVELS

Reward structure is considered one of the main success factors of crowdfunding.

The image shows a crowdfunding campaign page for a game. The main heading is "Pledge Levels". There are two pledge levels displayed:

- Initiate:** Pledge \$99. Includes the Core Game and all unlocked Stretch Goals. The reward image shows a white box with a black rose on it.
- Magister:** Pledge \$139. Includes the Core Game, Crono Expansion, and all unlocked Stretch Goals. The reward image shows the white box and a smaller black box with a green face on it. A green badge says "KICK STARTER EXCLUSIVE".

On the right side, there is a "Sostieni" (Support) section with the following details:

- Contributo di 99 US\$ o più
- Initiate**
- The game's Core Box will come with at least 34 miniatures, over 350 cards, dozens of tokens, 23 room tiles, 130 plastic cubes, 1 rulebook and 1 Codex Arcanum, 2 Black Rose boards and more. Check the entire list of components on the Campaign Page. Shipping worldwide, charged after the Campaign.
- INCLUDES: Black Rose Wars plus all the unlocked Stretch Goals!
- CONSEGNA STIMATA: giu 2019
- SPEDIZIONE IN: Tutto il mondo
- 1.635 sostenitori

Below this, another pledge level is partially visible:

- Contributo di 139 US\$ o più
- Magister**
- The game's Core Box will come with at least 34 miniatures, over 350 cards, dozens of tokens, 23 room tiles, 130 plastic cubes, 1 rulebook and 1 Codex Arcanum, 2 Black Rose boards and more. Crono's box will come with a huge miniature, 5 room tiles, all necessary tokens and rules.

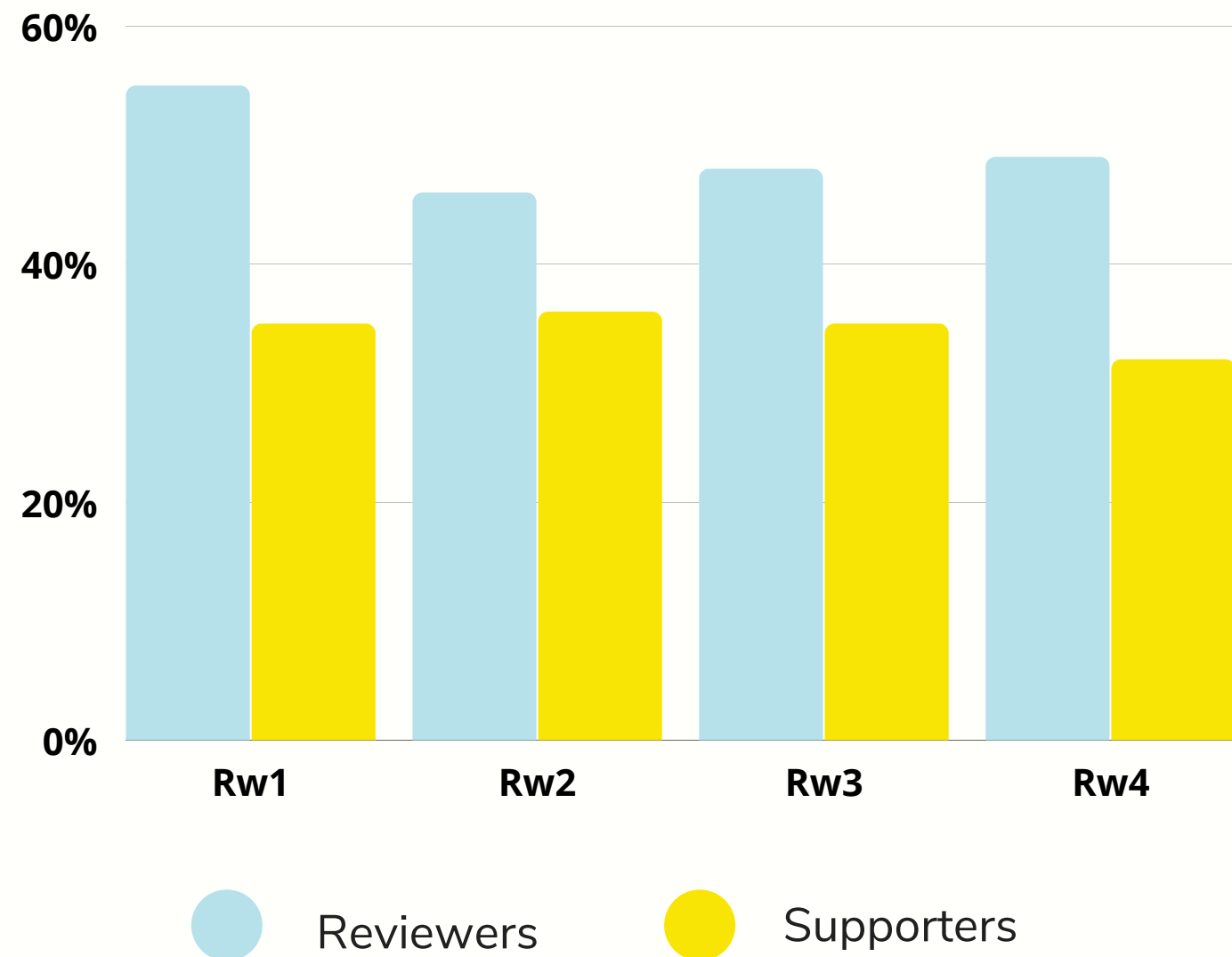


By Reward

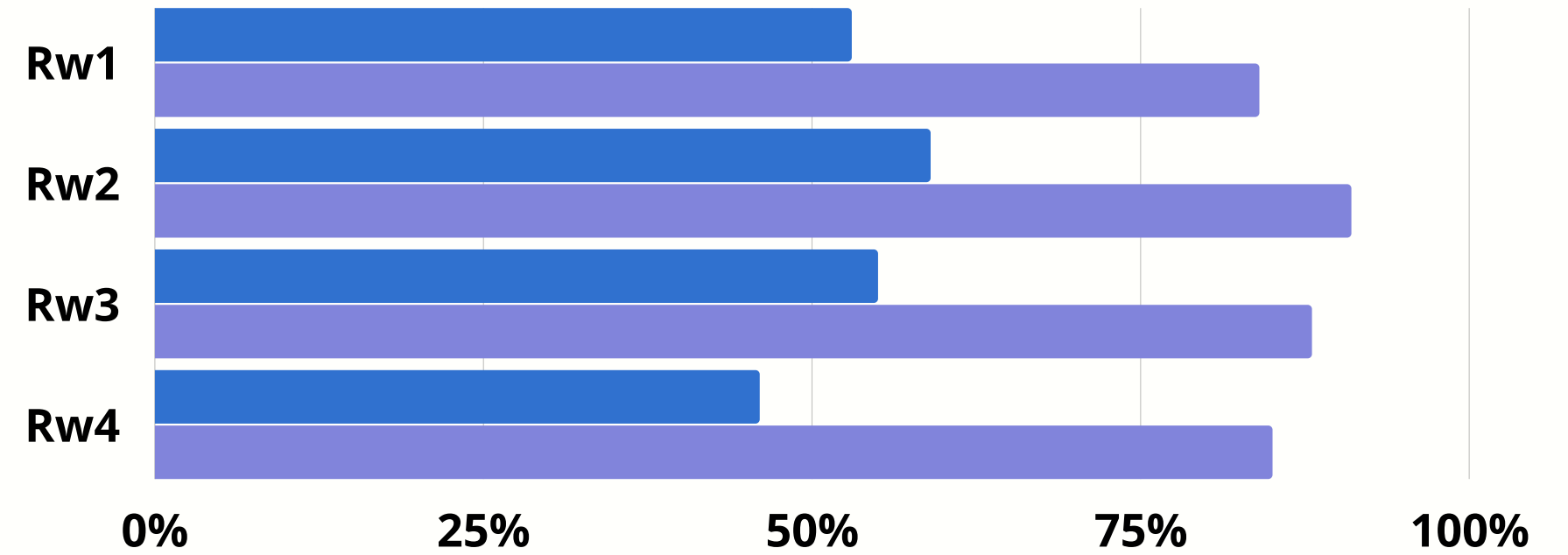
Any changes?

Expert backers' tend to enter in the first days of CF campaign, pledging the best reward offering (early bird).

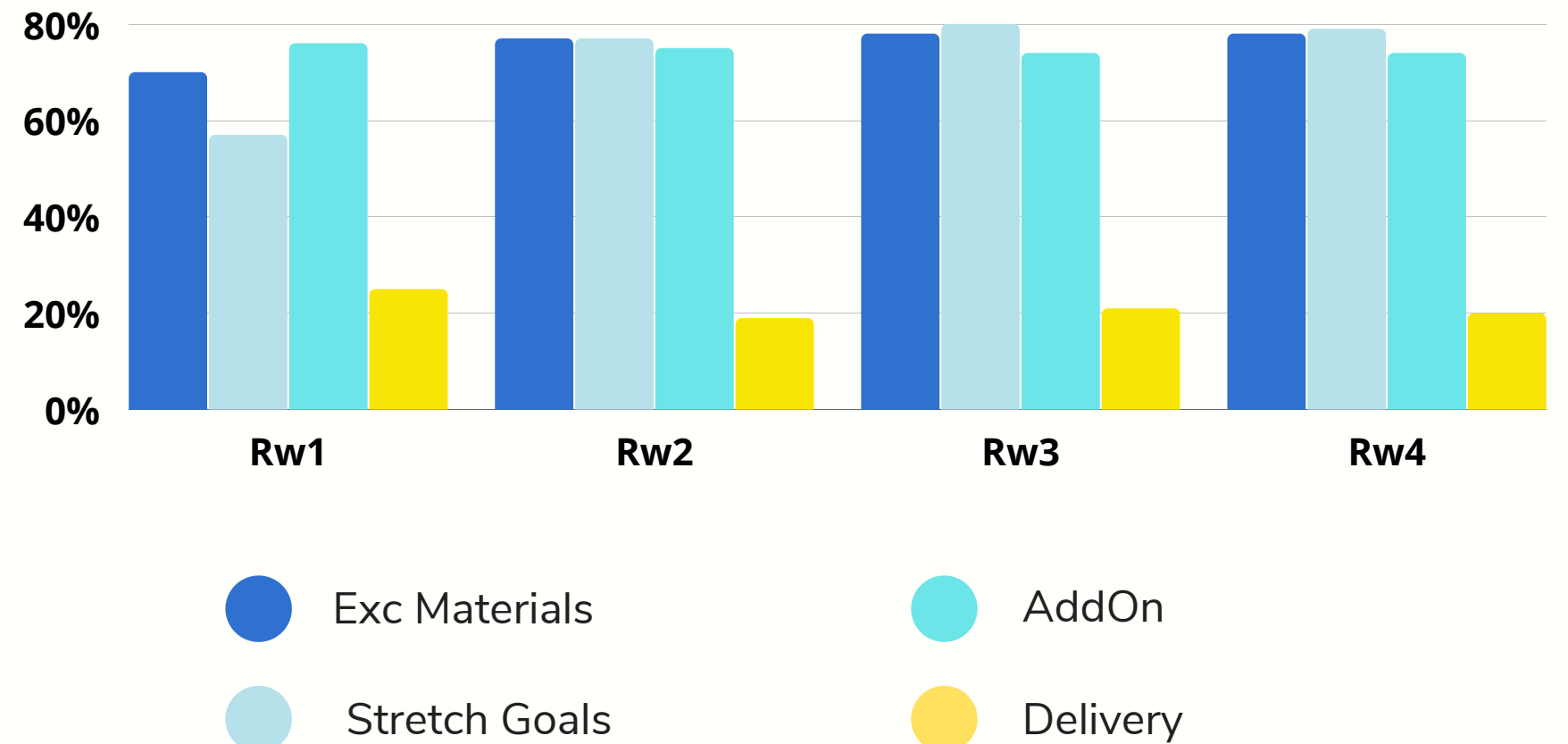
E-WOM



Backers' expertise



Reward & Pledge

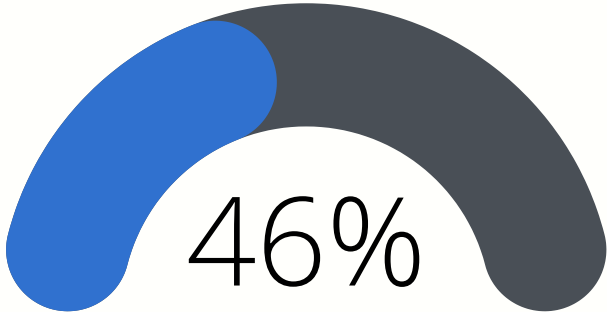


Late Pledge

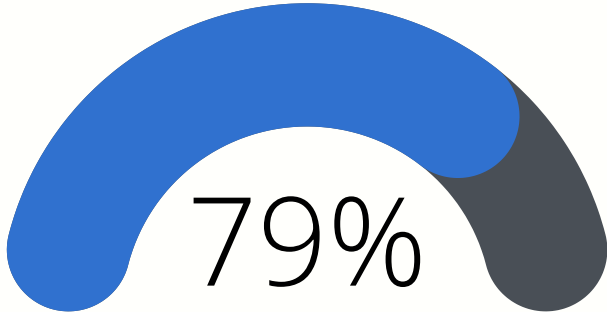
EXPERTISE, TEAM, QUALITY

Team preparedness and high quality presentation are drivers of the CF success.

Backers' expertise



Expert in the game field / Gamers



KS digital literacy

Team Preparedness

Hard Skill 65%



Soft Skill 74%



Quality

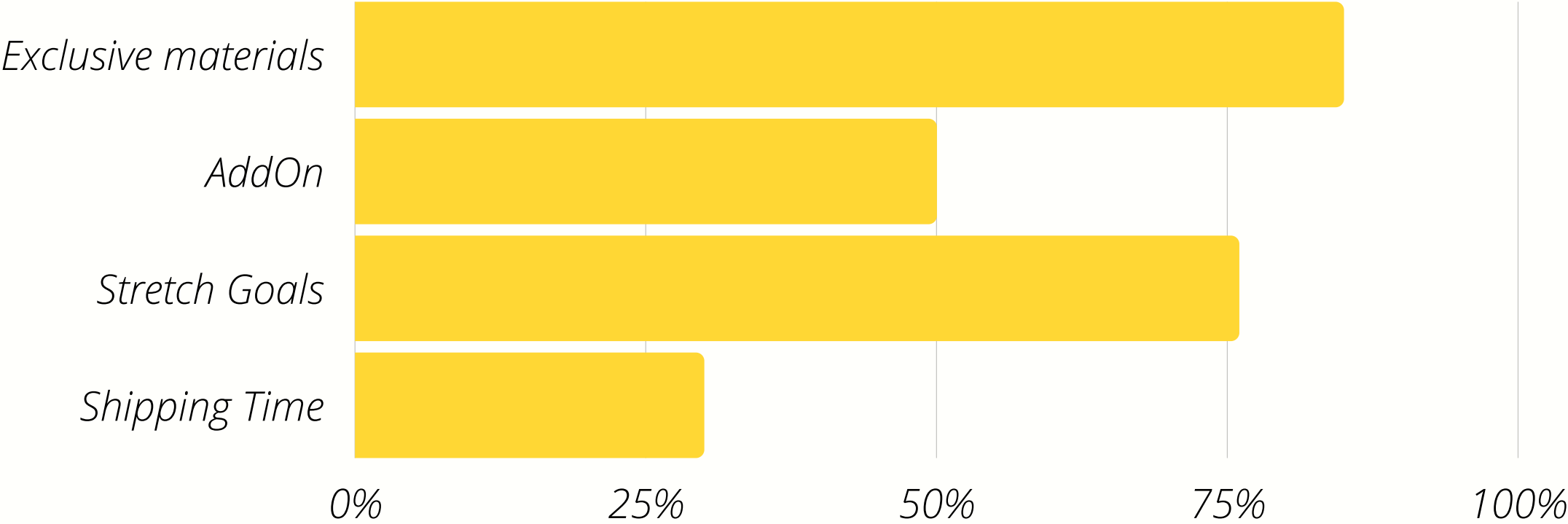


Late Pledge

REWARD & E-WOM

General and personal incentives in the form of exclusive materials increase participation.
Rewards drive the participation.
CF mechanisms are strictly linked to social capital and knowledge acquisition.

Reward & Pledge



E-WOM



So What?


FINDINGS 1/4

- Backers' in CF are informed early customers: there are experts in the crowd looking for product/services fitting their values and beliefs
- Soft and Hard skills of entrepreneurs are crucial factors for fundraising success: preparedness & reliability
- Exclusivity/ Scarcity of reward combination drives participation; Shipping time does not affect negatively the willingness to participate
- Reviewers and supporters e-wom positively affect the pledge and the participation to CF campaign
- Quality perception is driven by storytelling and virtual communication: product quality is derived by the CF product presentation



So What?


FINDINGS 2/4 - TIME PERSPECTIVES

- Expert backers tend to enter in the first stages of a CF campaign, pledging the best reward offering. They can be considered *SERIAL CF CONSUMERS*.
 - Stretch Goals are more incisive for backers intervening in the middle and final phases of fundraising process.
 - Generally speaking, shipping time provision is not perceived as a risk.
 - Reviewers e-wom is more influent for later stages, while the crowd e-wom influences the backers entering in the first stages of CF.
- 



So What?

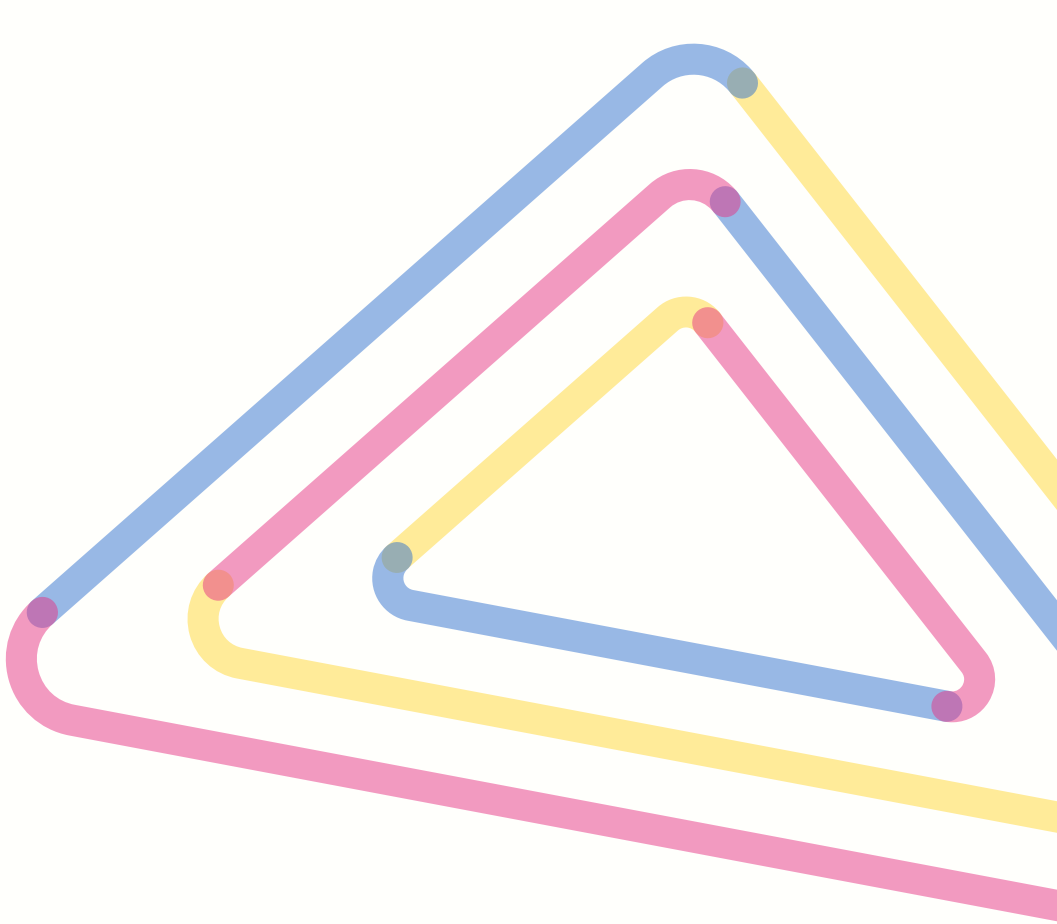
FINDINGS 3/4 - REWARD PERSPECTIVE

- Limited rewards are associated with greater level of backers' expertise.
 - Backers pledging limited rewards (time, quantity) considered particularly relevant in their decision to pledge the team preparedness > these backers considered the quality and the project presentation highly effective.
 - Supporters choosing the base product (99\$) assigned greater importance to Stretch Goals mechanisms > possibility to enrich the reward emotionally and materially.
 - Supporters e-wom is particularly relevant for the CF backers rating themselves as less expert. Reviewers' opinion is linked with the extremes of reward scheme > highest and lowest level price, i.e. reviewers are important for both experts and non-experts backers.
- 



So What?

E-WOM: LATE PLEDGE VS CF BACKERS

- 
- Late Pledge are more willing to invest financial resources than CF backers, this happens as they do not support the risk of failure associated with the campaign.
 - Late Pledge considered the stretch goals unlocked a strong incentive to buy the crowdfunded product> they benefit from resource-pooling efforts of the crowd during the value co-creation process.
 - Reviewers and supporters e-wom is positively associated with the decision to buy.



Conclusion

The crowd in the pre-purchase mechanism is able to discriminate among new entrepreneurial proposals, employing an evaluation mechanism that mixes consumer behavior and professional-investor behavior.

Entrepreneurs that would succeed in CF should familiarize themselves with pre-purchase strategies and observe CF consumers' approaches and expectations.

This includes understanding the importance of co-creation through crowd engagement in transparent and open dialogues around the new market proposal, which creates precious conditions for entrepreneurs to leverage the wisdom of the crowd.





Let's Talk

THANK YOU



FollowUp

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