

# Crowd-Based Financing Tools for Entrepreneurs: A Guide for Effective Crowdfunding



Carla Martínez-Climent and Sandra Enri-Peiró

**Abstract** Crowdfunding has changed in recent years. It now offers more opportunities to entrepreneurs through more channels. But what factors are critical for success? This chapter begins with a discussion of crowdfunding as a viable source of funding and markets for a business idea. The different crowdfunding options available to fundseekers are described. A proposal of how to achieve a successful project is then presented. The proposal explains how to prepare a project, create a campaign on a platform, promote the project within networks, and close the circle. The community is a fundamental element from the very first stage of idea development. The community must be nurtured throughout the entire process, even when closing the circle after receiving funding. Because crowdfunding predominantly involves peer-to-peer transactions, appreciation is a key aspect. Success stories of projects funded through crowdfunding (reward-based, donation-based, and equity-based crowdfunding, as well as crowdlending) and platforms for different types of crowdfunding are also analyzed. The key aspects for entrepreneurs to run a successful campaign within the crowdfunding system include diversity, creativity, innovation, and transparency.

**Keywords** Crowdfunding · Success stories · Platforms · Entrepreneurs

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## 1 Introduction

Access to finance has been identified as a key institutional factor for the emergence of entrepreneurship (Sendra-Pons et al. 2022). There is a constant stream of novel ideas, some of which are the result of the application of technology to existing solutions. One such application, crowdfunding, brings together ideas from social and environmental thinking that had not been considered by traditional businesses until recently. Established companies seeking to expand, improve, or adapt to stakeholder demands also use this form of financing (Martínez-Climent et al. 2021).

Crowdfunding can provide the funding needed for projects, often sustainable or artistic, that would not have received funding in the traditional financial markets. Crowdfunding is also used to finance cultural recovery projects. For example, Hispania Nostra acts in Spain and Europe to enhance the value of cultural and natural heritage. Other organizations have also used crowdfunding. For instance, the Austrian National Library ran a crowdfunding campaign to finance the restoration of an important book from the time of Maria Theresa. The campaign raised €26,315 from 166 donors.

Along the lines of recovering historical artifacts and improving the quality of life of at-risk groups, crowdfunding has been used as an instrument to reduce poverty and inequality. Among Bangladeshi women struggling to access credit, crowdfunding provided the financial means for them to achieve empowerment (Campbell 2010; Dutta and Banerjee 2018). Professor Yunus's development of the concept of microcredit and microfinance through Grameen Bank won him the Nobel Peace Prize in 2006 (Bayulgen 2008; Yunus 2004). Scholars have also studied how governments can enhance social entrepreneurship by financing projects through crowdfunding. Specifically, sustainable entrepreneurship can help achieve the Sustainable Development Goals (SDGs) (Bansal et al. 2019).

Clearly, not all crowdfunding projects are aligned with sustainability. However, investors can invest in projects that meet sustainable criteria. To identify whether an entrepreneur is sustainable, Sarango-Lalangui et al. (2018) provided the following criteria. The entrepreneur should:

- Be motivated by identities based on commercial and ecological logics.
- Prioritize commercial and/or ecological objectives.
- Target stakeholders inclusively or jointly to raise financial resources through crowdfunding.

New research focuses on analyzing crowdfunding as a relevant means to finance and promote the 17 SDGs. In this context, where the COVID-19 pandemic has led to new frontiers in entrepreneurial fundraising, financial support is crucial (Kim et al. 2021). To offer a guide for entrepreneurs in their search for funding, this book chapter first explains the concept of crowdfunding. It then explains the types or models of crowdfunding. Next, it provides recommendations to maximize the chances of project success. Finally, it describes some success stories of projects funded through crowdfunding and presents examples of crowdfunding platforms.

## 2 Crowdfunding

Crowdfunding is a financing tool that allows fundseekers to raise money from a multitude of investors. Through an online platform, the money supply is pooled to finance projects that may or may not be commercial ventures (Mollick 2014). Crowdfunding is part of the evolution driven by the application of technology to finance, also known as FinTech. This method of financing has become more important since the 2008 crisis, especially because the credit crunch affected small- and medium-sized enterprises (SMEs) so heavily. Crowdfunding also fosters the democratization of capital by distributing the surplus in projects that contribute ethically to their stakeholders (Cumming et al. 2021; Hernando 2016; Martinez-Climent et al. 2020).

Crowdfunding is not risk-free. Hence, in recent years, there have been efforts by governments to regulate it. For instance, the United States has the Jumpstart Our Business Startups (JOBS) Act, while Europe has the European Crowdfunding Service Providers (ECSP) proposal. The aim is to create a positive impact on the engagement of different actors that use or benefit from crowdfunding. By offering security and solving problems, new opportunities are emerging to fund projects (EuroCrowd and Bizkaia Crowdfunding 2022). The more innovative and sustainable they are, the more in line they will be with the new paradigm of the SDGs and the 2030 Agenda (The Sustainable Development Goals Report 2022).

As a quick and easy way to invest with higher returns than other investment alternatives and distributable investment risk, crowdfunding has grown substantially in recent years (Crowdfunding Universe 2022). In 2021, the global crowdfunding market was valued at 12.27 billion US dollars, and it is estimated to reach 25.8 billion US dollars by 2027 (Statista 2022). Because the crowdfunding market is growing, different institutions are promoting its use. Universities are publicizing the procedures, benefits, and risks of crowdfunding, while also applying it to raise funds for projects that emerge within the university context. One example is Swansea University, which since 2019 has had a crowdfunding platform called Wave that funds innovative and creative projects (Wave, n.d.). To date, they have raised more than £35,000, funding student start-ups, university societies, sports teams, research grants, and other projects. By including crowdfunding platforms in business schools, entrepreneurial skills and business opportunities are enhanced. For example, Essex University has a platform called Click, while Plymouth University, the University of Surrey, and Nottingham Trent University use Crowdfunder.co.uk. Boston University also has its own crowdfunding platform. Public institutions are also generating their own platforms to meet the needs of society and companies. For example, Crowdfunding Bizkaia organized the 7th CrowdCamp in 2022, which focused on “the opportunities offered by the introduction of the new European Crowdfunding Service Provider Regulation, with a particular focus on ethical and sustainable finance and regional cooperation,” as stated on their website.

Crowdfunding was initially created for non-profit purposes. However, the following section examines different types of crowdfunding with different applications, from for-profit projects to social projects.

### 3 Crowdfunding Types or Models

There are different forms of crowdfunding depending on the objectives of investors and therefore their reasons for financing projects through crowdfunding. If the objective is financial gain or obtaining product samples, investors will seek crowdlending, equity crowdfunding, or reward-based crowdfunding. If they are not looking for financial gain, they will choose donation crowdfunding.

- *Crowdlending or peer-to-peer lending*: Investors receive interest in exchange for their investment. Its benefits include minimizing or eliminating intermediaries such as banks. Borrowers enjoy a low interest rate, while lenders obtain a higher interest rate than in traditional financial markets (Martínez-Climent et al. 2018). Examples of crowdlending platforms are Mintos, Crowdestor, Swaper, Housers, LendingClub, Zopa, and Prosper.
- *Equity crowdfunding*: Investors receive shares in a company by financing the project. These shares will provide future dividends. Equity crowdfunding can open up new funding opportunities for entrepreneurs and small businesses, and it allows investors to diversify their portfolio (Stemler 2013). It is also possible to launch several rounds of funding, which injects capital to continue company growth while keeping the community engaged by offering benefits to create loyalty (Tarrida 2022). Some examples of platforms are AngelList, Crowdcube, StartEngine, Republic, Wefunder, Indiegogo, and SeedInvest.
- *Reward-based crowdfunding*: An object or experience is offered in exchange for funding. Projects are usually innovative, have an explicit associated product prototype, and function as another channel to connect with potential consumers. Examples of platforms that offer this type of crowdfunding are Kickstarter, IndieGoGo, and GoFundMe. They mainly offer technological, cultural, or social products. Rewards include both pre-ordered tangible products and intangible products such as classes, exclusive invitations to events, and the opportunity to connect with company founders (Kurani 2022). Therefore, a key feature is the creation of a community to encourage networking and synergies for the project, entrepreneurs, investors, and society.
- *Donation crowdfunding*: There is no monetary reward. Instead, a social contribution makes it possible to finance altruistic projects. Donors do not receive anything material, only the satisfaction of having contributed to a project that is of interest to them. Donors are eligible for tax relief when they donate to general interest organizations, which must be specifically stated on the platform or in the project (Universo Crowdfunding 2022). The platforms for funding for social

causes include WhyDonate, Betterplace.org, Stockcrowd, Teaming, and GoFundMe.

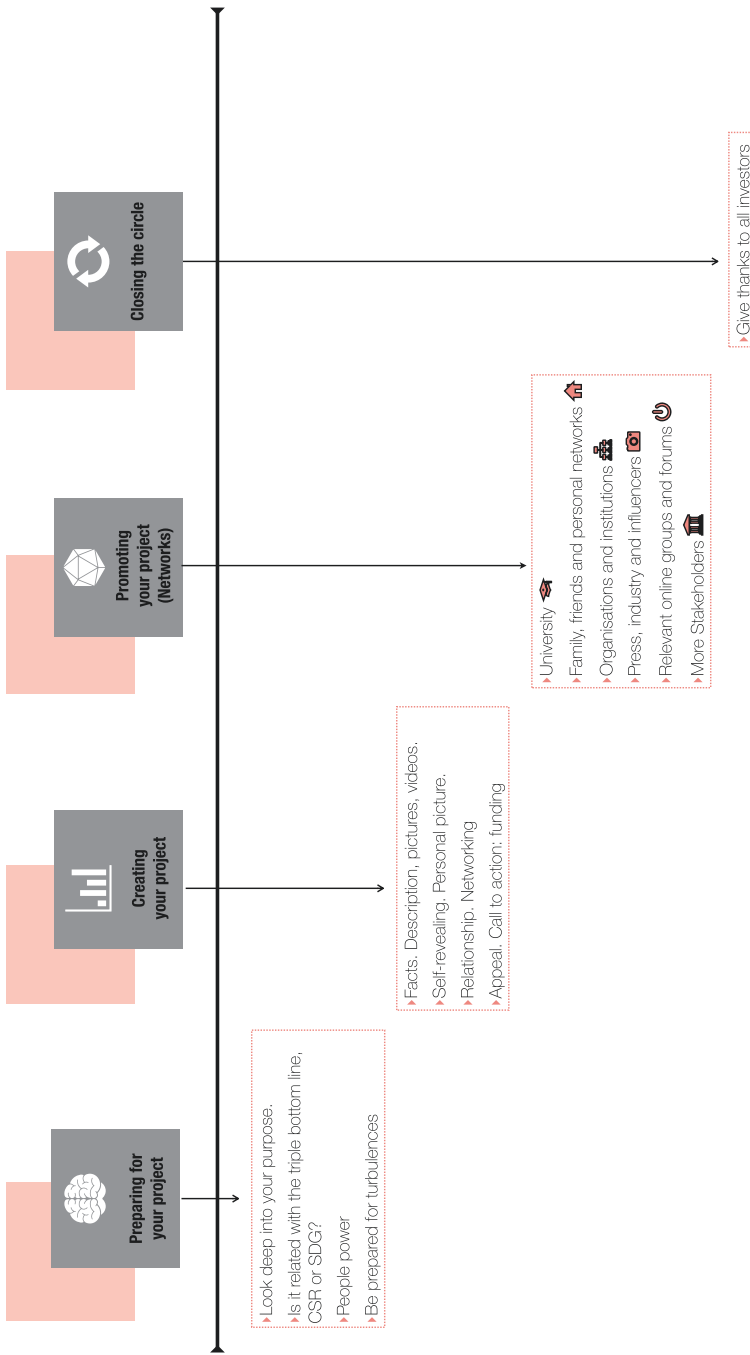
Regarding the fundraising target, under the “all-or-nothing” (AON) model, the target must be achieved for the funding to reach the fundseeker. In the “keep-it-all” (KIA) model, the amount raised reaches the fundseeker, regardless of whether the target is met (Cumming et al. 2020). Each platform chooses whether to implement AON or KIA.

## 4 How to Achieve a Successful Project

Crowdfunding success has been explored from a wide variety of theoretical perspectives, including herding behavior, to assess the impact of cues (images, videos, text, number of backers, etc.) on individual and group investing behavior (Comeig et al. 2020). The following section offers a proposal to maximize the chances of success when developing a project appearing on a crowdfunding platform. Figure 1 shows the process from project preparation, through project creation, network promotion, and acknowledgment. These recommendations are based on The Crowdfunding Handbook of Click, Essex’s crowdfunding platform, and the Swansea University Crowdfunding Handbook 2020.

### Step 1. Preparing for the Project

- Look deep into your purpose.  
Business strategy is essential to understand the essence of your business. Issues such as mission, vision, and strategic values must be clear to understand the direction and coherence of the business.
- Is it related with the triple bottom line, CSR, or SDGs?  
Considering the different stakeholder interests and projecting them correctly shows investors that the different scenarios, interests, and priorities of stakeholders are clear. At this point, you should consider the impact of the company on the three sustainability areas (social, environmental, and economic) of the triple bottom line model (Elkington 1997). Therefore, you should consider whether the company has embraced corporate social responsibility (CSR). Is the business idea aligned with the SDGs? Give evidence of which SDGs it deals with and which targets it meets.
- People power  
According to Friedman (2017), the world is more interconnected than ever. The constant use of Facebook, Twitter, Amazon, Alibaba, Kickstarter, Indiegogo, GoFundMe, WhatsApp, LinkedIn, WeChat, PayPal, MOOCs, Spotify, Apple, Netflix, and NYTimes.com, among others, keeps people connected and allows them to communicate seamlessly. Leveraging these connections is crucial. Connecting and communicating an idea before asking investors to fund it is also essential. And of course, having a team of passionate people who believe in the



**Fig. 1** Recommendations for an entrepreneur preparing for a crowdfunding project. *Source:* Authors based on Kraus et al. (2016), The Crowdfunding Handbook of Click, Essex's crowdfunding platform, and the Swansea University Crowdfunding Handbook 2020

idea and strive to bring it to fruition is directly related to the success of the project. The team-related success variables include endorsed industry experience, education, experience, skill synergy, and perceived motivation (Venslavienė et al. 2021). Practitioners such as Roy Morejon of Command Partners give helpful tips and tricks for successful projects (Chandler et al. 2022). One advice given by Morejon is starting the crowd before starting to build the crowdfunding page. More information on networking is given in step 4.

- Be prepared for turbulences

The path will not be smooth. Ups and downs form part of the entrepreneurial world. It is advisable to promote the project before including it on the platform, to encourage investors to invest. There will be weeks or months in which the project may stagnate. Think about a contingency plan for different scenarios.

## Step 2. Creating the Project

Based on communication theory (Schulz von Thun et al. 2000) and the reward-based crowdfunding strategies proposed by Kraus et al. (2016), project creation is divided into the following areas:

- Facts: Description, Pictures, Videos

Transparency is important when dealing with data on the project. It is part of the essence of crowdfunding, along with community. As Peter Dering of Peak Design says, “Something we have done really well with our campaigns is that we are extremely transparent. We go to great lengths and to create and justify our designs” (Ferguson 2021). At this point, there must be evidence of four things: the sustainability of the market in economic terms, the business viability of the idea in the target market, the relevance and value for the end consumer, and the competitive advantage over current alternatives (Venslavienė et al. 2021). Hence, the description should be accurate, clear, and concise. It should also provide visual information such as photographs or videos. Nowadays, videos are essential to show prototypes, ideas, and product value. It has been shown that in many successful cases of crowdfunding, emotion plays a fundamental role in relation to reason. Hence, entrepreneurs have to find a way of conveying a story that provides value. Fundseekers are also recommended to include information on the number of investors and the amount invested and to show comments on queries or interactions with the community. The more comments there are, the more interest in the project there will be.

- Self-revealing: Personal Picture

Fundseekers are recommended to include personal images and information about the entrepreneur or team to humanize the project and make it attractive. Showing passion and soft skills, as well as emotional intelligence, is recommended to make investors feel confident. It is thus possible to achieve interaction between the founders and the community through comments on the project. Additionally, the use of anchor investors, who recommend the project (reputational commitment) and invest a relevant amount of money in it (financial commitment) can also help to generate confidence in the project’s likelihood of success (Sendra-Pons et al. 2023).

- **Relationship: Networking**  
Including links to social media such as Facebook, Twitter, and LinkedIn helps give visibility and connect with the crowdfunding platform's community. It has been shown that the more contacts you have on social media, the more likely you are to reach your funding goal (Belleflamme et al. 2014). More information on networking can be found in step 3.
- **Appeal: Call to Action: Funding**  
What concerns might investors have that prevent them from investing in the project? Try to resolve or minimize them. Anticipate and solve potential friction points. Make an adjusted risk assessment of the operation and justify the risk correctly. Classify the risk according to whether it is project-related, project initiation (delays)-related, or intermediary-related risk. Providing such information to investors will give them a better understanding of the project. Doing so is an indicator of success in crowdfunding projects (Drabløs 2015; Lukkarinen et al. 2016; Venslavienè et al. 2021). A sense of need or urgency to develop the project can also be shown at this point. This urgency can be an important point in the decision-making of investors. Crucially, constant updates on the project, the blog, and interactions with the community are essential to create engagement.

### **Step 3. Promoting the Project to Networks**

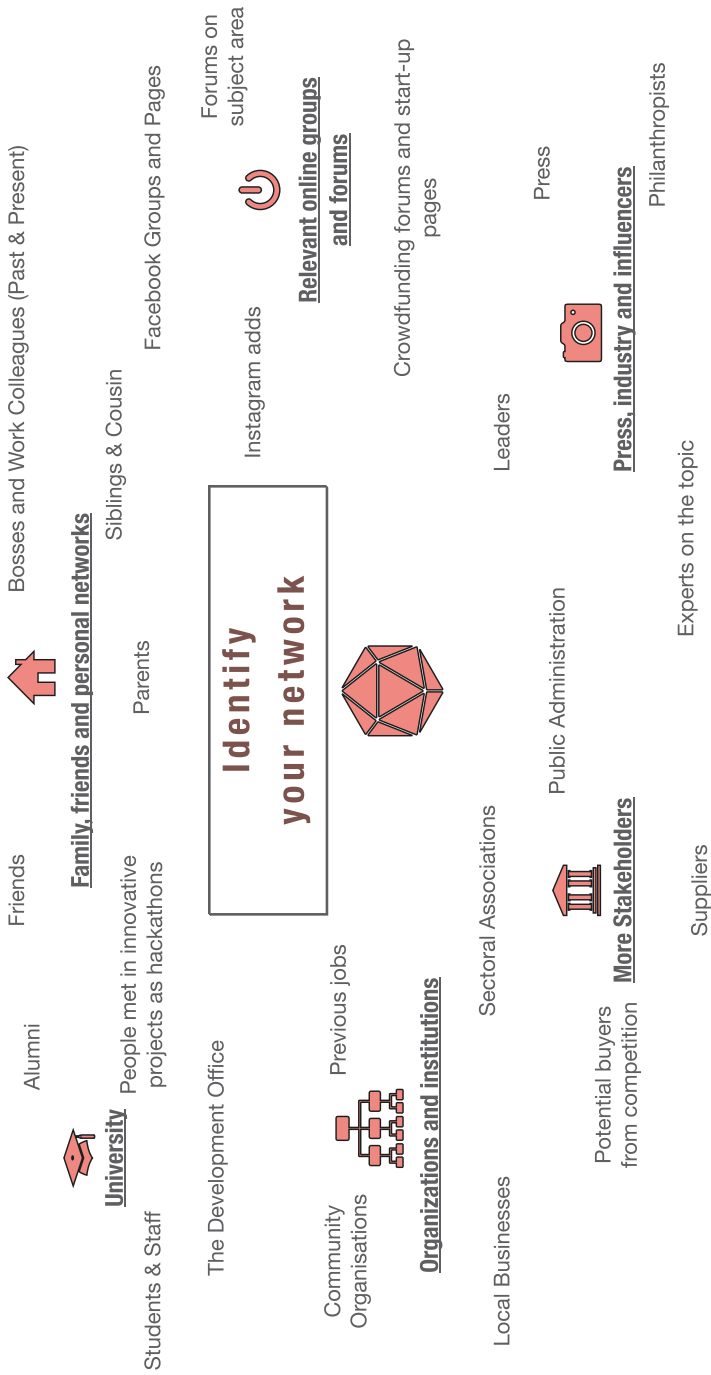
Promotion should be one of the focuses of attention. It can be the difference between attracting and failing to attract financing. Different communication channels, both face-to-face and online, must be combined. Figure 2 shows a proposal based on the Swansea University Crowdfunding Handbook 2020. The potential funding audience is divided into clusters: university, organizations and institutions, press, industry, and influencers, relevant online groups and forums, and family, friends, and personal networks. More stakeholders and several subagents have also been added. These clusters are explained further.

*University* is a good place to look for funding because university students are constantly learning and are supposedly open-minded, curious, and passionate. University has been studied as a key component in the entrepreneurial ecosystem. It is where knowledge is transferred, and infrastructure is provided to facilitate entrepreneurial activity (Clayton et al. 2018). Current students, those who have already completed their studies (alumni), people who have participated in innovative activities such as hackathons, and the professional development support office all offer support for ideas.

*Family, friends, and personal networks* offer a starting point for bootstrapping to attract funding and develop ideas (Belleflamme et al. 2014; Kraus et al. 2016). Friends and relatives as well as former colleagues can be contacts.

*Relevant online groups* and forums can provide a source of information and contacts for exchanging ideas, concerns, and future benefits. Facebook groups, Instagram Ads, specialist forums, and crowdfunding forums and start-up pages can provide a source of entrepreneurs with whom to create synergies. Social connections have been shown to attract funders to crowdfunding campaigns (Guo et al. 2021).





**Fig. 2** How to identify your network (Source: Adapted from Swansea University Crowdfunding Handbook 2020)

*Press and industry influencers* can generate interest in your project and provide visibility. This visibility can then be transformed into new investors. Remember that not everything is acceptable and that visibility for the sake of it does not create engagement. Look for influencers who are aligned with your value proposition.

*Organizations and institutions* that may also have an interest in your idea range from the public sector to local businesses and community organizations that you should involve in your business because it affects them. The idea that certain public agencies provide funding for platform creation and project financing has already been mentioned.

*More stakeholders* such as suppliers can also be potential investors. Much like in reward-based crowdfunding, where consumers can be investors, suppliers can also believe in an idea and make it part of their investment portfolio. Thus, a study of the competition's consumers is also recommended to offer them the chance to finance the project idea by providing more value than the competition.

Finally, industry associations have historical information on market development. If your idea really meets new needs, it can offer a good niche to look for investors. They can also provide you with the tacit knowledge to further develop the company in the right direction.

#### **Step 4. Closing the Circle**

Once you have completed the project that has taken so much effort, successfully or otherwise, you should thank all investors who have shown faith in your idea. In the words of Ethan Mollick, "The unique value of crowdfunding isn't money, it's community" (Kirill and Daria 2021). Hence, being thankful is part of the crowdfunding system, so do not forget or overlook it. Complying with the expectations you have generated during the process should also be kept in mind. Most platforms have integrated this last stage of the process to thank investors, but how can you differentiate yourself? How will you take advantage of the community of people you have brought together with your idea? Is it the end or just the beginning?

## **5 Success Stories of Projects Funded Through Crowdfunding**

The success of crowdfunded projects depends on factors such as business viability, the funding target, the number of investors, and the feedback from investors to project entrepreneurs (Wachira 2021), among other factors. Constant communication between investors and backers enhances trust in the project and the campaign and therefore increases the likelihood of success in reward-based crowdfunding (Kraus et al. 2016; Wachira 2021).

One of the most successful cases of reward-based crowdfunding is Pebble Time. This project raised 20,338,986 US dollars from 78,471 backers in 2015. Pebble Time is a smartwatch that made an impact by offering the ability to connect to phones using both Apple and Android apps at an affordable price. This case is important in the field not only because of the amount of money raised but also

because of the ability to bring 2 million product units to market through the crowdfunding platform Kickstarter (Kickstarter 2016). In this campaign, investors received the product in return for their investment, thus playing the role of investor and consumer at the same time. However, in 2016, Pebble launched the new version of the Pebble Time 2 smartwatch, also via Kickstarter, and was unable to meet its deadlines. The production of Pebble Time 2 was cancelled, and the backers of the project were refunded. The company then went bankrupt and was acquired by Fitbit in December 2016.

A well-known case of equity crowdfunding is that of BrewDog, a craft beer company. In 2008, it was on the verge of bankruptcy because of the decision to expand from the United Kingdom to the United States. The problem, as founder James Watt pointed out on LinkedIn, was that, unfortunately, they did not ship the beer it refrigerated, and the beer cooked in a hot steel box all the way to Los Angeles. When he arrived shortly afterwards to launch BrewDog in America, the beers tasted terrible. The importer refused to pay the £30,000 for the beer at a time they had precisely zero in the bank. His accountant pointed out the technical insolvency of the company. On the flight home, he thought of offering a group of loyal investors the opportunity to invest. He invented the Equity Punk concept, raising £570,000 and building a community and a new business model for the time (Walker 2022). Since that time, the company has raised a total of 238,409,483 US dollars through 14 rounds of funding, the latest in September 2020. The company has over 200,000 shareholders in Equity Punk. In addition, it has held B Corp certification since 2020, which classifies it as a company that meets standards for social and environmental performance and information transparency, thus aligning it with the principles of CSR (BrewDog 2022).

Other noteworthy projects are renewable energy projects financed through crowdlending. In France between 2012 and 2019, 167 campaigns have been financed on the platforms Enerfip, Lendosphere, and Lumo, raising more than €38 million. Companies in need of financing apply to the platforms to host their projects. The platforms analyze the applications following criteria of financial solvency and compliance with environmental standards (Slimane and Rousseau 2020). As shown in Table 1, the platforms used the keep-it-all (KIA) funding model instead of all-or-nothing (AON) funding. Slimane and Rousseau (2020) showed that the elements that contribute to success in these cases are the entrepreneur's age, social networks, and professional experience. In short, investors need both objective and subjective information before they will invest in projects.

In relation to donation crowdfunding, several cases have already been discussed. This section focuses on Hispania Nostra, a Spanish organization. It was created in 1976, and in 2014, it started using crowdfunding to attract funding for projects. Initially, crowdfunding culture was weak in Spain, but little by little, Hispania Nostra has created a community of people who are interested in historical heritage and its conservation. Since 2019, it has had several successful projects. It has launched 32 campaigns, 18 of which have attracted more funding than the initial target. Heritage from Burgos has been restored (a high altarpiece of Santa Eufemia de Terradillos de Sedano), a campaign that attracted €31,190 in a village with only

**Table 1** Crowdlending projects on Enerfip, Lendosphere, and Lumo

	Enerfip	Lendosphere	Lumo
Date of creation	Jan-14	Dec-14	Mar-12
Types of projects	Renewable energy	Environment and energy	Renewable energy
Type of loan	Loan with interest	Loan with interest	Loan with interest
Minimum amount (EUR)	10	50	25
Who can invest?	Individuals (private) and legal entities (associations and companies)		
Funding model	Keep what you raise	Keep what you raise	Keep what you raise
Interest rate	From 3 to 8%	From 4 to 8%	From 3 to 7%
Default rate	0%	0%	0%
Total amount raised (EUR)	7 730360	25 053 211	5 580 625
Number of projects	39	84	44
Number of investors (avg.)	149	263	104
Interest rate (avg.)	5.75%	5.56%	4.17%
Loan duration in months (avg.)	38	35	117

Source: Slimane and Rousseau (2020)

seven inhabitants. Donations made through the platform have been used not only to restore churches and castles (e.g., in Salamanca) but also to perform archaeological research in Mallorca and to restore Diego Velázquez's house in Seville (Hernández 2022). It has raised a total of €595,693 through crowdfunding (Hispania Nostra 2022).

## 6 Examples of Crowdfunding Platforms

### Crowdlending

*Mintos* was founded in 2015. It has since become the largest crowdlending platform. It has raised 8.4 billion euros since 2015. The minimum investment is €50, and the average interest offered is 12.54%. Investors have earned €208,528,406 as a return on their investment. The company website explains both how to invest and how to include projects. The net return on investment is the gross annual return minus the annual loss ratio. In 2020, the net return percentage (2.00%) was the lowest for the years analyzed. This low return is because the net annual loss ratio in 2020 was 8.55% on account of the global pandemic and the difficulties companies faced for business as usual. It seems to have recovered. In 2021, that rate was 10.21%. The all-time high for a given year was 12.09% in 2018.

### Equity Crowdfunding

*Crowdcube* describes itself as a platform that seeks to fuel the next generation of businesses who want to leave a mark on the world. The platform's partners include

Grant Thornton and SeedLegal. They have raised €1.2bn and have financed more than 1000 businesses. One of their latest articles is “Why invest in cleantech?” The platform’s focal sectors include Advertising, Marketing & Promotion, Analytics, AI, Data, BI, Automation and Robotics, Building, Property & Land Management, Education and Training, Energy and Renewables, Entertainment & Media, Food & Beverage, and Recruitment & Procurement.

### **Reward-Based Crowdfunding**

*Indiegogo* offers the opportunity to fund entrepreneurs for new technology companies from birth. The platform differentiates itself from Kickstarter by specializing in technology. The platform evaluates campaigns and offers tools for both pre-campaign and post-campaign. It also offers the chance to fund projects from anywhere in the world, providing global opportunities. Notably, 47% of successful campaigns are carried out by women, and 10 million people visit Indiegogo every month from all around the world. The post “4 Product Pitch Videos To Inspire Your Crowdfunding Campaign” is recommended as a source of inspiration from the most successful ones. They also have an Experts Directory, which allows entrepreneurs to bring their product to market with a verified group of companies. These groupings are classified into Creative Services, Legal & Financial Services, Marketing, Packaging, & Fulfillment, Prototyping & Manufacturing, and Retail & Market Growth.

### **Donation Crowdfunding**

*WhyDonate* connects causes with donors. Its mission is to “Empower Charities and Individuals by Providing Free Fundraising and Making Their Dreams Come True” (Whydonate 2023). The platform is responsible for raising €15M through donations from 400,000 donors. It has funded 5500 charities. It does not charge platform costs or subscription costs (0%). It only charges payment processing costs such as PayPal. It describes itself as a very efficient platform in terms of Security, Customer Support, and Network. For those interested in starting an altruistic project, the platform proposes the following steps: 1. Start a fundraiser, 2. Share the fundraiser, 3. Receive donations, and 4. Thank donors.

## **7 Conclusions**

One of the key points highlighted in this chapter is the involvement of universities in the creation of crowdfunding platforms to integrate business ideas or needs into their community. Examples are given to illustrate how to create value in crowdfunding projects and encourage entrepreneurs to align their business ideas with the SDGs by embracing CSR with different stakeholders. The importance of community and the way in which it can be built and maintained is also a key idea, as is developing contingency plans to minimize potential turbulence along the way.

There is a wide spectrum of campaigns with different types of crowdfunding. Crowdlending, equity crowdfunding, reward-based crowdfunding, and donation

crowdfunding allow fundseekers to attract investment and host their projects on the most suitable type of platform. Interestingly, a huge amount of value is placed on self-revealing or a personal picture. In some way, it makes sense, given that, due to a lack of knowledge, a major fear is that a project is fraudulent. Providing more information reduces information asymmetries and boosts investor confidence. Therefore, transparency and clarity are necessary for a campaign to become a successful part of the crowdfunding system. Another interesting point in relation to the different forms of crowdfunding relates to the presence of diverse creative profiles on platforms. These diverse profiles relate not only to early growth stages but also to established companies seeking to continue growing or to meet the needs of their employees or the community affected by their business. Finally, platforms play a fundamental role in evaluating projects, advising entrepreneurs, and acting as intermediaries with investors to distribute and reduce risks. In short, they ensure that the crowdfunding community continues its path of sustainable growth.

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