hooandja

How to organize a successful rewards-based crowdfunding campaign?

hooandja.ee/en

Contents

What is crowdfunding?

Crowdfunding is one the most popular methods of alternative financing. The most frequently used crowdfunding types are:

DONATION-BASED — Backers donate money to support a cause and ask nothing in return.

REWARDS-BASED — Backers provide money in exchange for rewards, based on how much they give.

EQUITY-BASED — Investors provide money in exchange of company ownership.

LENDING-BASED — Investors provide money and receive repayments of the principal amount and interest payments until the loan has expired.

Hooandja is a rewards-based crowdfunding platform.

Which projects suit for rewards-based crowdfunding?

Hooandja is a rewards-based platform. Before starting with a campaign on our platform, make sure that your campaign corresponds to the following criteria:
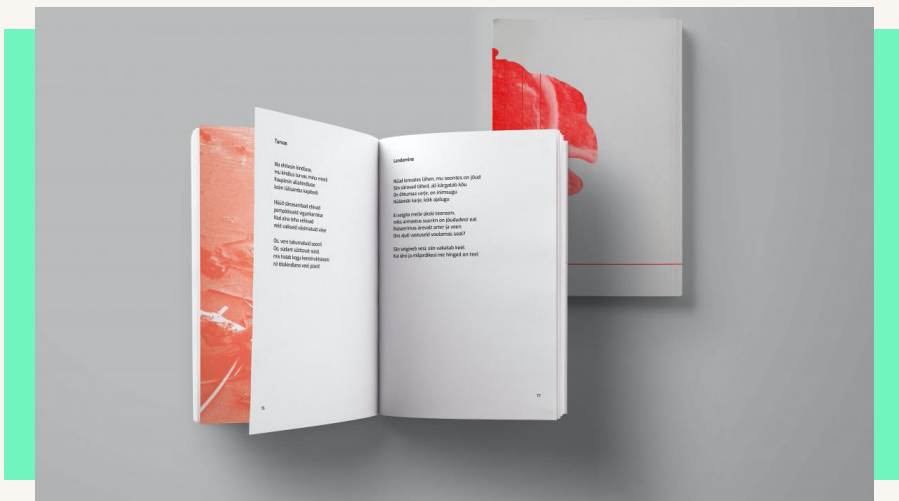
- ☑ I need support to implement a business, creative or civic initiative to achieve an innovative result or add some new value.
- ☑ In return, I offer backers my products, services or other gifts related to the campaign.
- ☑ I need funding of 500€ or more.
- ☑ I can start a campaign as a a private person, non-for-profit or non-governmental organization, commercial or social enterprise.

Singer Marten Kuningas launched a rewards-based crowdfunding campaign to support the creation of his poetry collection "Sabata koma".

Examples of popular campaign goals:

- ■ implementation of creative and art projects, e.g. production of music albums, books, paintings, fashion collections, movies, etc. (THIS MUCH I KNOW IS TRUE)

- ■ production and/or development of some innovative (technological) products (SOLARIDE)

- ■ launch of some new services (SUMMER OUTDOOR CINEMA)

- ■ organization of events (ISOLATION DIALOGUES)

- ■ sport promotion and participation in professional sport competitions (SILVER HEELS)

- ■ realization of civic initiatives (PUBLIC OBSERVATORY)

Ideas from any fields suit for Hooandja. However, campaign contents and/or rewards cannot be related to the topics, which are legally prohibited in the publicly open media (e.g. drugs and violence). Also, it's not allowed to make investment offers as rewards

Whichever idea you have, please contact us and we will help you identify whether the idea is suitable for crowdfunding!

How to prepare your campaign budget and determine your funding goals?

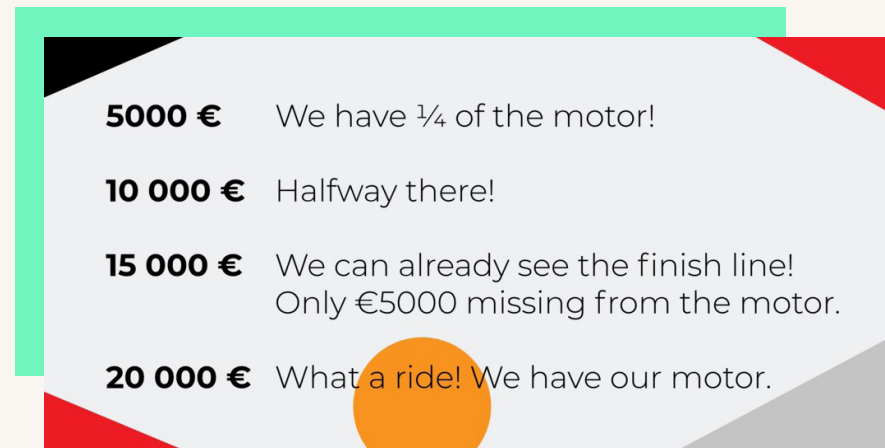While preparing the campaign budget, take the following expenses into account:

- Cost of implementing your campaign goals (incl. cost of materials, cost of labour, rent of premises, rent of equipment, IT etc.)

- Fee taken by the platform (refer to hooandja.ee/en to check our prices)

- Marketing and PR expenses related to promoting the campaign

- Cost of preparing rewards

- Cost of delivering rewards (if you promise free delivery)

If the project you would like to co-finance through your crowdfunding campaign is partially or fully dependent on price proposals by third parties, make sure that these price proposals will be valid until the end of the crowdfunding campaign.

Our platform works based on the all-or-nothing principle: if you don't collect 100% of your funding goal by the end of the campaign, all the money will be returned to your backers*. Therefore, we always recommend to divide bigger funding goals into smaller ones**. When you reach your 1st goal, your campaign becomes successful and you will receive all the money collected by the end of the campaign.

* If you get at least 50% of your funding goal by the end of the campaign, we can prolong your campaign.

** Each small funding goal should give you a possibility to achieve at least some measurable part of the project you are seeking co-financing for.

5000 €	We have ¼ of the motor!
10 000 €	Halfway there!
15 000 €	We can already see the finish line! Only €5000 missing from the motor.
20 000 €	What a ride! We have our motor.

Solaride is a team of students building a solar car. With the support of 413 backers, they managed to raise 21 850€.
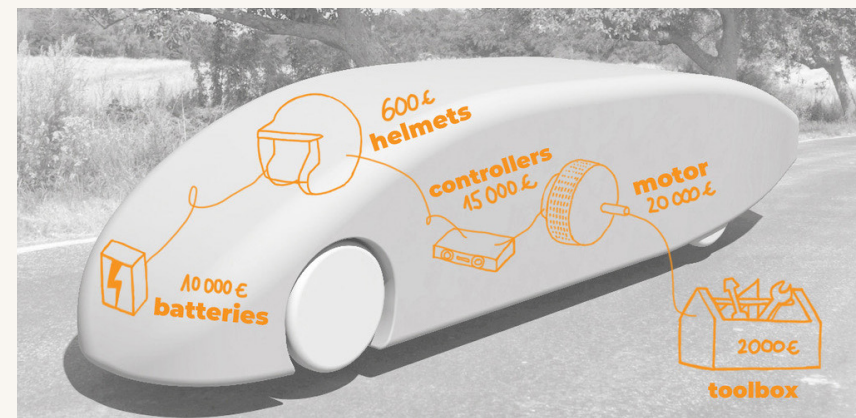
Solaride's main aim was to fund a 20 000€ engine, but they also showed other components they could get ready with even if a smaller sum gets collected.

Who forms your target audience?

Knowing your target audience is vital both for developing your idea and running your crowdfunding campaign. In most cases, these two audiences match fully or partially. Understanding your target audience helps you make a better definition of your value proposition.

Bear in mind that your family members, closest friends and first satisfied clients/fans are usually your most loyal supporters. Inform them first of your crowdfunding campaign and ask them to back your campaign and/or share the news with their networks. First support from your closest ones is very important because this shows that they believe in your idea and encourages others to support you.

During the campaign, communicate to those people, whom you have sent information about your campaign, but who haven't supported you: ask their feedback why the campaign goals are not attractive for them.

After the campaign, maintain regular contact with your backers since they form your enlarged loyal community and are probably interested in being informed about your project development. Also, they should be the first in your contact list, should you need more support in the future.

Some questions you may want to consider to define your target clients:

- Who is your typical client as a persona (age, gender, language of communication, place of living, level of education, hobbies, etc.)?
- Which value do you provide your clients with? E.g. do you solve any practical need of your clients or do you offer some aesthetic pleasure or do you improve some civic imperfection?
- Do you have any direct or indirect competitors? If yes, how do you differ from them?
- Which communication and (social) media channels do your typical clients use? Are you present in those channels?

Some questions you may want to consider to define your target crowdfunding backers:

- Who is your typical backer as a persona (age, gender, language of communication, place of living, level of education, hobbies, etc.)?
- Why should your backers feel interest towards your campaign? E.g. because of your great campaign goals? Because of your unique gifts? Both?
- Will backers be willing to contribute with money and/or some other resources (voluntary help, tools, etc.)?
- Is your typical client and your typical backer largely the same person? If they differ, which communication and (social) media channels do your typical crowdfunding backers use? Are you present in those channels? How to motivate your backers to spread the news about your campaign?

What are the main campaign elements?

The campaign includes the following main elements:

Campaign title

It should summarize the main campaign goal and awaken the interest of potential backers.

Campaign description

In the campaign description, tell backers about the project you would like to finance through crowdfunding.

Find more about campaign formatting on p. 8.

- Present what has already been done and which objectives you seek backers' support for.

- Describe your financial goals and mention specifically if you also need some other resources (volunteers? tools? etc.).

- Make an introduction of you and your team (if you have it): what is your previous experience? Why have you decided to initiate this project? Why should backers trust you?

- Add a brief comment regarding the rewards you offer and the method of their delivery.

- Include links to your social media channels, homepage and other useful resources where backers could read more about you and your project.

- Thank your backers in advance for their support.

Cover picture

It should grab backers' attention from the first glance and be relevant to the campaign goal. Contact us to get exact information regarding the preferred size of the picture and other relevant parameters.
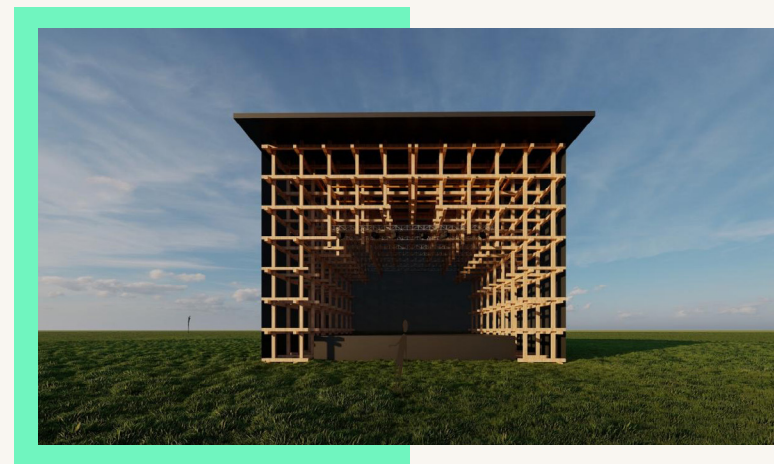
Illustrations

Add some pictures/photos to the text to make it visually appealing and provide more information about the project.

Find more about **description of presents** on pp. 9-10.

Find more about making a **video** on p. 11.

Musician Jalmar Vabarna raised 31 137€ for the construction of Treski barn's outdoor stage in Setomaa.

How to prepare and format your campaign description?

The Estonian national women's ice hockey team and a production company Vita Pictura campaign's financial goal was to collect 9500€, of which 4750€ for the games and training of the team and other half for the film production. The team raised 10 160€.

Always keep in mind that **rewards-based crowdfunding is not begging or charity!** You need to underline that during the campaign you give backers an opportunity to participate in a great project, co-create with you and receive rewards! Prefer words "support", "cooperation" and "involvement" over "help" and "assistance".

In the campaign description, try telling an engaging story about you and your project. **Be laconic, but not boring.** Remember that you need to compete with other campaigns for backers' attention. The more distinctive you are, the more chances you have to get support from people who have never heard of your project before the campaign.

Prefer personal pronouns when writing about yourself ("I have done…") and addressing your potential backers ("You will receive…").

In terms of formatting, the length of the description should be **max 1.5 A4.** For easing up reading, use subtitles, different formatting styles (*italic*, **bold** etc.), bullet-points. **Don't forget to proofread the text before publishing!**

On our platform, you can publish your campaigns in **English, Estonian and/or Russian languages.** If you want to launch a campaign in several languages, we advise you to first prepare the final version in one of the languages and then make translations.

We gladly provide our comments and recommendations to the texts, should you want to hear our opinion.

How to create a list of rewards?

Rewards are one of the most important elements of a rewards-based crowdfunding campaign. Backers can support a campaign with amounts starting from 1€. The usual algorithm for designing the list of rewards is based on the sums: **the higher the sum of support, the more expensive the reward is.**

Regardless of the nature of your project, it's good practice to offer the results of your projects (e.g. your innovative products, CDs, paintings; invitations to your exhibitions, etc.) because at the end of the day they are the main reasons for backers to get engaged.

Apart from this, you can also offer some rewards on behalf of your cooperation partners (in case you have any); any other works of your own, etc. Don't limit your creativity: unusual and unique rewards guarantee more attention from potential backers' side.

The main types of rewards include:

- tangible rewards (e.g. your book, whose production you are cofunding through your crowdfunding campaign)

- intangible rewards (e.g. a VIP status in your fan community)

- virtual rewards (e.g. a link to your musical album, via which your backers can listen to it before the official release)

Additionally, you can create different blends of rewards.

For very insignificant sums (e.g. under 5€), you can just say your sincerest "thank you" without offering anything else.

Based on our experience, the majority of backers support projects with sums up to 25€. So, make sure that there are some non-ordinary options for such amounts. In the range of ca 5-25€, the steps of rewards could be smaller (e.g. 5-10-15-20-25€) and the further steps - bigger (e.g. 50-100-200€ etc.).

Rewards cannot be related to the topics, which are legally prohibited in the publicly open media (e.g. drugs and violence). Also, it's not allowed to make investment offers as rewards.

MTÜ Eesti Trükimuuseum raised 17 428€ to publish an exclusive letterpress edition of "The Little Prince".

When you prepare your list of rewards, try to analyse them as a backer:

☑ Are your rewards unique? Are they related to the project, which is featured in the campaign?

☑ Can I buy the same or a similar item in a shop and how much does it cost? If in the campaign the item is more expensive, what should be my motivation for paying more?

☑ Does the campaign author provide me with any bonuses/discounts to thank me for being their supporter/first adopter?

Lexsoul Dancemachine added pictures of gifts to the campaign text, e.g. vinyl record, t-shirts, etc.

In the campaign, usually backers are offered somewhat better prices compared to the prices, which will be available at shops after the campaign. For example, if your vinyl disc will cost 20€ at shops, you could offer it for 18€ during the campaign.

If this is not your 1st campaign, you may think of some exclusive rewards to the backers who supported you during the previous campaign(-s). This will help you to strengthen your loyal community of backers. In this case, you will need to control yourself, whom you will offer exclusive rewards to.

Regarding the delivery of your rewards, you need to specify in the campaign description whether you or the recipient will pay for the delivery of tangible rewards. Both options are equally popular. Also, sometimes campaign authors promise free delivery only to certain regions and/or only for more expensive rewards.

After the end of the campaign, you will need to contact backers and inquire where to deliver the rewards.

A few words about formatting:

■ You can offer different rewards for the same amount.

■ You can limit the number of some exclusive rewards.

■ If for some higher sums you partially offer the contents of some cheaper rewards, don't use an expression "All the rewards mentioned above +...". Rather list all the rewards once again since people may not have read the descriptions of cheaper rewards in detail.

How to shoot a video?

A lot of backers make their decision to support a campaign based on the information they see in the video. **Don't underestimate the importance of your campaign video!**

The first seconds of the video are the most important ones! They should give backers impetus to watch it further and support you! Try to make these seconds as engaging as possible!

Below, there are some main secrets of a successful video:

- Include a call to action to the video: invite people to support your campaign and via this cooperate with you in implementing your project! In case you need any other resources (tools, volunteers, etc.), mention it in the video.

- Participate in the video as a speaker, not as a voice-over: backers like to see the real people behind the campaign!

- Be sincere and (not too excessively) emotional: demonstrate your true commitment to your project!

- Show your production facilities and/your product and/or other elements of your project: backers will get more confidence that you have a clear vision!

- As you choose different communication styles for communicating with your family and colleagues, you also need to finetune your communication style for your target audience (refer also to p. 6): the more targeted you are in terms of your style of presentation, your tone of voice, the language you use etc., the better!

- Be prepared, but behave as if you are improvising: a video without a prior scenario may look too raw and at the same time too many rehearsals may make you stiff on camera!

- Where appropriate, use some infographics etc.: such illustrations will make your video more dynamic.

- Convey the same message as in the campaign text: the video and campaign text should complement each other!

Some additional technical hints:

- If you use any musical content, make sure that no violation of copyright takes place. You can find a very wide music selection via search words "royalty free music.

- If you don't have friends who work at video production studios, don't worry! Your shooting should not be done by a professional videographer. A good phone camera (even in a selfie-regime) may also suit. Just follow these simple rules: shoot horizontally and be well-heard and seen. Don't shoot in noisy and dark rooms. Ideally, put your microphone close to you or record the sound separately.

- Don't use general ad videos as campaign videos. In a campaign video, there should be a clear message about the purpose of the campaign.

- The campaign video should last max 3 minutes.

- If you present your campaign texts in several languages, add subtitles to your campaign video or shoot the video in different languages.

- Choose a cover picture for the video. It may be a frame from the video or a separate picture that characterizes the campaign.

How to promote the campaign?

The success of your campaign depends not only on its contents, but to a large extent also on its active promotion. You need to share information about the campaign goals and rewards and motivate people to join you. Our platform is not meant for charitable projects: rather we help campaign authors to find like-minded people, who would like to support them and participate in bringing their projects to life!

Analyze carefully, which channels are popular among the representatives of your target audience (refer to pp. 13-14), and place your campaign-related communication to these channels. Include direct links to your campaign page in all of your campaign promotional materials. NB! In some channels (e.g., Facebook) it's advisable to post the link to the 1st comment if you are posting on your personal page.

The funding goal of the Museum of Photography was to publish the book and launch an exhibition of "Isolation Dialogues". The Museum of Photography raised 11 500€.

Also, don't forget to engage your closest circles: your family members, friends, fans, cooperation partners, clients, etc. Even if they cannot back your campaign with money, ask them to share information about the campaign.

In case of bigger campaigns, we always recommend involving professional (digital) marketing and PR specialists, who will help you with creating and implementing a comprehensive PR and marketing strategy.

130 Estonian photographers participated in the Museum of Photography's virtual project "Isolation Dialogues". It became one of the largest joint projects of Estonian photographers to date. The website got more than 30 000 visits during the quarantine period.

Some most popular communication channels used for promoting campaigns:

Social media (e.g. Facebook, Instagram, Twitter, LinkedIn, Tik-Tok, etc.)

Feature information about your campaign on the social media platforms mostly used by your target backers. Use your business and/or personal pages. If relevant, copy information in some groups that (assumingly) are popular among potential backers.

Ask your friends to repost/share your publications on their pages. In your posts, try different tactics: e.g. different wordings of campaign descriptions and calls to action, sharing games, boosted and unboosted posts, different ad formats, different target audiences etc.

Measure the effect from your posts before changing any parameters. Use our hashtag #hooandja - thus we can find your post easily and share it on our page.

Social media and Google ads

In addition to publications, you may also use paid social media advertisements, which allow to reach a bigger target audience for a small fee. Alike with social media posts, try different wordings, boosting methods, etc. and don't forget to analyze the effectiveness of already performed actions before changing anything.

Video channels (e.g. YouTube)

You may consider video platforms as advertising channels. They are especially popular among younger people.

Hooandja's group, your profile on platform and campaign page

You can post news about your campaign in Hooandja's group and on your campaign page. Also, check that your profile on our platform is informative. Your potential backers want to know more about you to get assurance that you can implement your project.

Personal communication via email and messengers (e.g. Facebook Messenger, Telegram, WhatsApp, etc.)

Some of your potential backers may not be active social media users. Also, social media algorithms are unpredictable. Therefore, don't underestimate personal electronic communication and send personal emails/messages.

The most efficient (and cheapest) way to advertise your campaign is to write to your friends personally and ask them to share your campaign link. You can do this in "waves" (write to 10-20 persons every day) and if there are several people (e.g. band members) in your team, all of them could do the same.

Personal writing is very effective due to several reasons:

1. Social media networks do not show publications to all your friends and therefore many people don't get to know about the campaign. Direct messages give a better guarantee that the information will reach recipients.

2. Even if a person sees a publication about the campaign, it's not that personal. If you write to the person directly and ask to share the campaign-related information, it becomes a personal request and a lot of people react positively to such requests.

3. In such a way, your friends and acquaintances may become aware of your campaign for the first time and some may also support it with money.

It is also useful to add a one-liner about the campaign and a direct link to your campaign to your email signature. In case you organize a campaign on behalf of a legal entity, ask all the representatives of the company to put the same campaign-related information to their email signatures. If you use some generic (non-personalized) company email address, don't forget to include this information also there.

Live talk

If you know that some of your backers prefer live talks to any written communication, call them or visit them and tell them about your campaign.

Traditional media (TV, radio, newspapers)

Although many people claim that they do not watch TV, do not listen to radio and do not read paper newspapers, our experience shows that when campaign-related news appears in such traditional media, the number of viewers and backers increases. Don't hesitate to get in touch with journalists. Non-ordinary campaigns and rewards are usually interesting to journalists and they are eager to feature them.

Your webpage/your newsletters

If you have your personal webpage or a webpage of your project/campaign, embed information about your campaign into your webpage. Additionally, you can use pop-up messages with direct links to the campaign page. If you send newsletters to your clients/users/fans, include news about the campaign to the newsletter.

Your brick-and-mortar locations/your products

If you have any shop or other physical location visited by your customers/clients, you may think of printing flyers with the information about your campaign. These flyers can be put on the shelves and/or to the bags/packages. Also, you may put some temporary tags on your products (e.g., if you produce drinks, on the bottle neck) and include information about the campaign on the tag.

Influencers/celebrities/experts/opinion leaders

If appropriate, use the help of influencers who can promote your campaign to their followers. Influencers may include professional bloggers, well-known experts, opinion leaders or celebrities. All of them have big numbers of fans and followers. If they mention that they like your campaign and/or have already supported you, it will sound like a call for action for many members of their loyal communities. In Estonia, you may also consider using services of Promoty, which aggregates bloggers and influencers on one platform.

Cooperation partners

In case you have any good cooperation partners who are ready to help you with distributing campaign-related information, ask them to share information in their channels. If they have any shops, etc., put your flyers there.

Events

If you organize any events to support your campaign, think through whom to invite to the events, which messages to share and which materials to distribute. Ideally, there should be some easy way to let people support your campaign during the event (visible links to the campaign in public areas, etc.).

More tips for promoting your campaign

Our platform helps you with promoting your campaign. We promise to share information about it in our newsletter and in our social media channels at least once during the campaign. However, our communication is not sufficient without yours. You have better reach to your potential backers: your and our communication activities should complement each other.

Share information about the campaign on a regular basis. A lot of people postpone their decisions and do not make them based on the first campaign publication they will see. Therefore, the more frequently you get their attention, the more chances you have to receive their support. Many campaign authors start with their communication campaigns before the start of the crowdfunding campaign: they make teaser posts and create landing-pages to collect contacts of potentially interested backers. Via this, they get lists of contacts, whom to share the campaign-related information first.

Make sure that you or your team members have time for simultaneous coordinating/promoting your campaign and managing your every-day activities. During the campaign you may get questions from your (potential) backers, journalists, bloggers and other interested parties, and you need to reply promptly!

How to plan your campaign length and what happens after the end of the campaign?

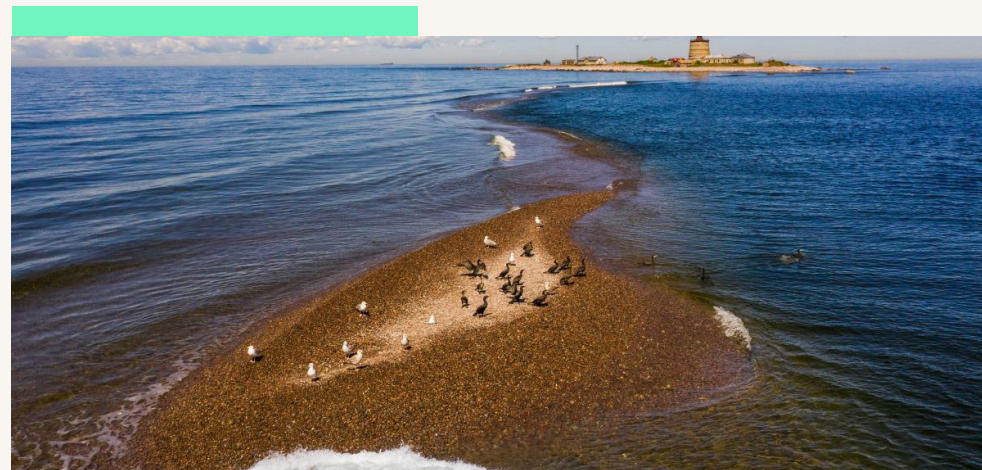## How to determine the campaign length?

You need to think carefully when to launch your campaign. For instance, if you plan any events to support your campaign and/or to advertise your project, for which you are seeking co-financing through our platform, the start of the campaign may be linked to these events. Also, we advise to take into account that in July and August as well as during the year end the attention of potential backers is distracted by vacations and Christmas/New Year. You will need to spend more effort on promoting your campaign during those periods.

Campaigns featured on our platform last 2-8 weeks. If you raise at least 50% of your goal by the end of the campaign term, we can prolong the campaign by a maximum of 8 weeks. Depending on the nature of individual campaigns, we can discuss shorter or longer terms.

Keri Selts MTÜ collected support to renovate a room with a rotten floor and water-damaged ceiling of Keri Island's culture house. They raised 6690€.

What happens after the end of the campaign?

If you achieve at least your first financial goal, your campaign is successful and you will receive all the money collected. You have to contact all your backers, thank them for their support and agree about the method and deadline of the reward delivery. We strongly recommend to keep regular contact with backers after the campaign, especially if you plan to organize any other campaigns in the future. Your backers form the most loyal part of your community and they will be glad to be informed about your project development. It's often the case that backers are eager to provide some additional support in the future: either with money or with their knowledge, skills, contacts.

NB! If the preparation of the rewards is delayed and/or any important changes take place in your project co-funded through the platform, let your backers know about it.

Backers are your main "controllers" after the end of the campaign and if you don't deliver the promised results and don't explain the reasons, they may ruin your reputation and cause you bad publicity.

If you do not achieve at least your first financial goal, your campaign is unsuccessful and all the money gets returned to the backers. Even in case of unsuccessful campaigns, we advise you to contact your backers, thank them and keep in touch with them in the future. They may help you despite the failed campaign. For you, it's a good opportunity to get feedback, learn from your experience, develop the idea further and perhaps launch a new campaign. Wasn't the idea sufficiently clear? Was the target audience wrongly determined? Weren't the rewards sufficiently attractive?
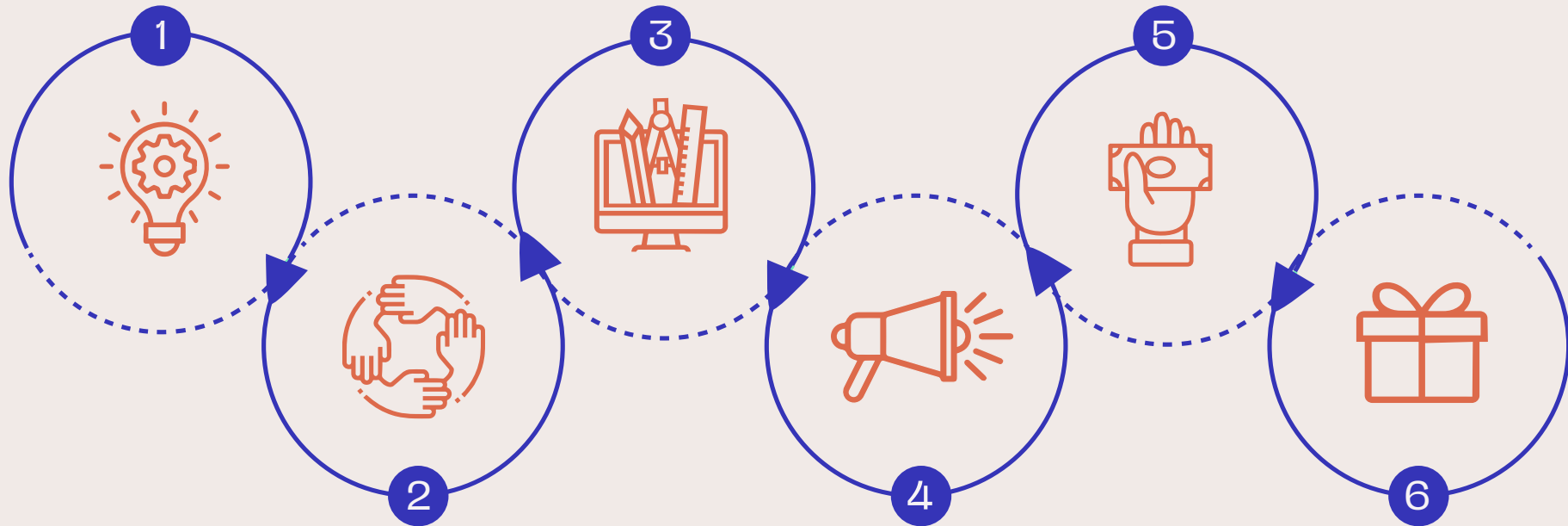
NB! Make sure you follow GDPR rules: before sending regular newsletters to your backers, receive backers' consent for getting them and always leave an unsubscribe-option

Summary

1 Think of an idea, which you can create value with.

2 Start developing the idea with a team or on your own.

3 Launch your campaign on Hooandja.

4 Share information about your campaign with everyone and everywhere.

5 Collect money from backers.

6 Hit your campaign monetary target, implement the planned project and deliver rewards to backers.

Our contacts

Should you have any project you want to crowdfund, send the description to us via our platform.
Usually, we provide our initial feedback within 3 working days.

Our general email for any inquiries is: info@hooandja.ee

We are looking forward to starting cooperation with you!

The guide is co-financed by:

STARTUP ESTONIA   KREDEX