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Crowdfunding in Museums

by

Melanie R. Bump

Approved by: _____

A handwritten signature in black ink, appearing to read 'Petra ten-Doesschate', written over a horizontal line.

Petra ten-Doesschate Chu, Ph.D.

Thesis Advisor

Submitted in partial fulfillment of the requirements for the degree

Museum Professions

College of Arts and Sciences

Seton Hall University

May 2014

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ABSTRACT

The successes of websites such as Kickstarter and Indiegogo have propelled the popularity of crowdfunding and have made it a viable mode of fundraising in museums. Museums have used crowdfunding to raise funds for a wide variety of purposes including purchasing property, construction, disaster recovery, exhibition production, educational programs, and artifact conservation. An increasing number of museums have launched campaigns through various crowdfunding websites, experiencing varying degrees of success. In order to use crowdfunding as an effective fundraising tool, it is important to understand all the factors that contribute to the overall achievement of a crowdfunding campaign.

This thesis describes what crowdfunding is and how museums have used crowdfunding to date. It analyzes the key components that lead to a successful crowdfunding campaign. The thesis highlights three important museum case studies: Tesla Science Center's *Let's Build a Goddamn Tesla Museum*, the Smithsonian's Freer-Sackler *Together We're One: Crowdfunding our Yoga Exhibit*, and Conservation Center for Art and Historic Artifacts' *Pennsylvania Top 10 Endangered Artifacts*. The case studies are presented alongside relevant literature on crowdfunding strategies and philanthropic trends. In addition, accountability and ethical concerns regarding crowdfunding are presented and discussed. An appendix provides supplemental resources and best practice standards to effectively guide crowdfunding campaigns within museums.

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INTRODUCTION

The objective of this thesis is to demonstrate how museums are using crowdfunding and to analyze what are the factors that contribute to its success. Crowdfunding is the practice of funding a project or venture by raising small amounts of money from a large group of people over the Internet. Engaging, interacting and collaborating with a group of individuals over the Internet, known as the “crowd,” in order to achieve a common goal is the core concept of crowdfunding

There are many crowdfunding websites, or platforms, which raise funds for various activities including purchasing property, exhibition production, educational programs, construction, disaster recovery, film production, art projects, and artifact conservation. As another way to raise money, museums are also using these crowdfunding platforms to reach their annual fundraising goals--with varying levels of success.

Using a few key museum case studies: Tesla Science Center’s *Let’s Build a Goddamn Tesla Museum*, the Smithsonian’s Freer-Sackler *Together We’re One: Crowdfunding our Yoga Exhibit*, and Conservation Center for Art and Historic Artifacts’ *Pennsylvania Top 10 Endangered Artifacts*, this thesis will analyze what contributes to the success of crowdfunding. It studies what projects were funded, what crowdfunding platforms were used, and the various strategies that were applied to influence funding outcomes. Discovering what factors contribute to the success of a crowdfunding campaign will help museums ensure an effective use of the new fundraising resources.

Using a few relevant cases, the ethical and legal concerns that can arise from a crowdfunding campaign will also be discussed.

The first chapter introduces crowdfunding, explaining its history and practice (through crowdfunding platforms). The second chapter discusses the significance of crowdfunding and how it has helped museums buck challenging economic and philanthropic trends. The third chapter describes the strategies and outcomes of three key museum case studies that have been selected. The fourth chapter outlines the main elements of a crowdfunding campaign and illustrates how those elements were used in the three case studies presented. This chapter will also discuss accountability and best practice standards to guide a crowdfunding campaign.

CHAPTER 1: WHAT IS CROWDFUNDING?

Crowdfunding, according to the Oxford dictionary, is the practice of funding a project or venture by raising small amounts of money from a large number of people, typically via the Internet.¹ Crowdfunding is closely related to, and historically preceded by, crowdsourcing. Daren C. Brabham, author of *Crowdsourcing*, defined crowdsourcing as, “an online, distributed problem-solving and production model that leverages the collective intelligence of online communities to serve specific organizational goals.”²

Harnessing the power of the “crowd”, or the contributions of the collective intelligence of a group of individuals through the internet, is the driving force behind both crowdfunding and crowdsourcing. Concepts of the crowd and websites like Kickstarter and Indiegogo have propelled crowdfunding into the mainstream, influencing nonprofits, for-profits, governments, and the emerging social enterprise sector, which uses business methods to achieve social missions. Through crowdfunding, the crowd has been used to raise funds for everything from business startups to disaster recoveries, and from independent film productions to art projects.

History of Crowdsourcing and Crowdfunding

The internet has long been a site of participatory culture. The introduction of the Web 2.0 Era, and new media technologies (such as social media, blogs, and wikis) in the 2000s, encouraged internet user interaction and collaboration.³ The shifts in the use of technology changed the relationships between users and nonprofits, governments and for-profits, and put more emphasis on collective intelligence than ever before. Those

¹ Oxford Dictionary, s.v. “Crowdfunding”
http://www.oxforddictionaries.com/us/definition/american_english/crowdfunding?q=crowdfunding+
 (accessed on March 3, 2014).

² Daren C. Brabham, *Crowdsourcing*, (Cambridge: The MIT Press Essential Knowledge Series, 2013), xix.

³ Ibid, xix.

paradigm shifts popularized the concept of harnessing the intellectual power of the crowd.

An early pre-internet example of a project that was *funded* by a crowd is the pedestal for the Statue of Liberty, the money for which was largely raised by an open call to the American people in 1884.⁴ A pre-internet example of crowd *sourcing* is the television show “America’s Funniest Home Videos,” in which an open call for home videos is sent out to solicit content from the crowd in return for a chance to win a cash prize. While open calls to solicit input or funding are not new concepts, the ease and availability offered by online platforms has changed how projects are created and funded.⁵

The term crowdsourcing first appeared in Jeff Howe’s article “The Rise of Crowdsourcing” in the June 2006 issue of Wired Magazine, and was quickly adopted by bloggers and the traditional press. The phrase soon gained in popularity. In [2006], Howe wrote in his blog *Crowdsourcing: Tracking the Rise of the Amateur* that a Google search for a forthcoming article of the term crowdsourcing went from turning up only three results, to 180 thousand results just a week later.⁶ Soon anything involving a large group of people happening online became referred to as crowdsourcing, resulting in confusion and a sometimes-misguided use of the word.

Crowdsourcing involves crowd participation in a collaborative blend of an open, creative grassroots process with a top-down organizational model and which includes

⁴ Sara Bannerman, “Crowdfunding Culture,” WI: Journal of Mobile Culture (July 1,2013) <http://wi.mobilities.ca/crowdfunding-culture/> (accessed February 13, 2014): 6.

⁵ Ibid., 5.

⁶ Daren C. Brabham, *Crowdsourcing*, (Cambridge: The MIT Press Essential Knowledge Series, 2013), xviii.

mutual input from the crowd and organization.⁷ The key components to a crowdsourcing campaign include an organized task that needs to be performed, a community willing to perform the task, an online environment in which to perform the task, and a mutual benefit for the community and organization. For example, simply voting from a preset selection of a new flavor of beverage or candy does not fit within the crowdsourcing model, as this model limits the contributions of the crowd and fails to provide a mutual benefit. Daren C. Brabham argues that commons-based peer production, such as Wikipedia, does not count as crowdsourcing either, because there is no top-down directive, controlling what the encyclopedia article must cover and what needs to be written.⁸

Crowdfunding developed out of the concept of crowdsourcing, however, it is different from it in several ways. According to Daren C. Brabham, “crowdfunding and crowdsourcing share many things in common, but crowdfunding, I argue, is best understood as a stand-alone concept.”⁹ In crowdfunding an individual or business entrepreneur develops a project and seeks funding for that idea from the crowd through a website. Essentially, crowdfunding is group-supported distributed financing, or in some cases investing when supporters receive returns on their contributions, conducted over the Internet.

There are four main crowdfunding models: donation-based, reward-based, lending-based and equity-based.¹⁰ The donation-based initiative is an entirely

⁷ Ibid.

⁸ Ibid.,7.

⁹ Ibid., xxiii.

¹⁰ Sara Bannerman, “Crowdfunding Culture,” *WI: Journal of Mobile Culture* (July 1,2013) <http://wi.mobilities.ca/crowdfunding-culture/> (accessed February 13, 2014): 8.

philanthropic model, in which donations are made to the project without compensation returned. A rewards-based system provides non-financial incentives to funders, such as t-shirts, CD, DVD, posters or special access to events. In the lending-based model funders expect repayment of their contribution to the project, in some cases with interest. The equity-based projects share the profits of their project with the funders.

In the current crowdfunding model there is no emphasis on the use of the collective intelligence contributed by the crowd, beyond the selection of the project to support. Brabham also stated, “There is no engagement with the crowd on what the artistic endeavor will look like or how the start-up business will be run.” Crowdfunding does not harness the collective intelligence of a crowd to complete a task. Rather, it involves the collective funding of a project by the crowd.

One of the earliest examples of crowdfunding happened in 1997, when the British rock band Marillion used the Internet to raise \$60 thousand for a reunion tour.¹¹ The success of this initiative quickly inspired others in both the for-profit and nonprofit sectors, to do the same. In April of 2000, a New York City high school history teacher created the website Donors Choose, to post specific classroom supply needs. It has since helped to fund over 367 thousand classroom projects and raised over \$185 million.¹² Another early example of crowdfunded investing was the website Kiva. Founded in 2004, this nonprofit was a microfinance agency that financed small loans to entrepreneurs in low-income countries. Since then a number of other websites facilitating the funding of a variety of projects have appeared.

Crowdfunding Platforms

¹¹ “Crowdfunding for Charitable Causes” Better Business Bureau Wise Giving Guide no. 11-24-503 (Summer/Fall 2013): 2.

¹² Ibid:2

Crowdfunding is facilitated through a crowdfunding platform (CFP), or website that “facilitates monetary exchange between funders and fundraisers.”¹³ Most of these websites offer users an easy way to set up a fundraiser, spread the word about a cause, and connect with donors, for a fee. Crowdfunding platforms charge a commission, usually in the form of a percentage of the funds paid out to fundraisers.¹⁴ By 2012, it was reported that over four hundred CFPs existed worldwide. Razoo, Indiegogo, and Kickstarter are significant to nonprofit arts and cultural organizations and have been used in the museum case studies discussed in this thesis.

Razoo was created in 2007 as a platform that worked with cities, states, individuals, and organizations to raise money using social and online tools. The organization is described as, “a movement of people who want to make generosity a part of everyday life.”¹⁵ It offers individuals, nonprofits, foundations and corporations programs such as online giving days, employee matching programs, and donation activity charts. This organization streamlined their pricing and fees to one charge of 4.9 percent on each donation. Since its inception, it has raised over \$200 million for over 13 thousand different causes, and profited in the range of \$9 million.¹⁶

Indiegogo was launched in 2008 as a funding platform for independent film projects. The following year, it expanded its scope to include all international industries. Its business model is focused on flexibility and ease. “Our belief is that anyone, anywhere who is passionate and works hard should be able to raise money.”¹⁷ This all-

¹³ Ibid:25.

¹⁴ Ibid:22.

¹⁵ Razoo, “Overview,” Razoo, <http://www.razoo.com/p/overview> (accessed February 13, 2014).

¹⁶ Ibid.

¹⁷ Indiegogo, “About Us: Our Story” <http://www.indiegogo.com/about/our-story> (accessed February 13, 2014).

inclusive model has made Indiegogo a leading international crowdfunding platform, raising millions of dollars for thousands of projects worldwide.¹⁸

Indiegogo does not charge for signing up and donating to a campaign, but it does charge a fee for hosting a fundraising campaign and a 3 percent credit card processing fee. It will take 4 percent if the project reaches its funding goal. In an unsuccessful campaign, it offers two options: a 9 percent fee when the funds raised are kept, or no fee, when all money goes back to the pledges. The company offers a 25 percent discount to all nonprofit organizations.

One of the most popular crowdfunding websites, Kickstarter, was founded in 2009. Kickstarter narrowly focuses on creative projects that have a high chance of success. The company defines a project as, “something with a clear end, like making an album, a film, or a new game. A project will eventually be completed, and something will be produced as a result.”¹⁹ It restricts fundraising to the categories of art, comics, dance, design, fashion, film, food, games, music, photography, publishing, technology, and theater, and excludes projects that involve loan and equity-based crowdfunding.

The website’s fundraising mantra is “all-or nothing.” A project’s creator sets a monetary goal and a deadline to reach that mark. If an individual decides to contribute to the project, he or she makes a pledge to donate and their credit card information is held in the amount of the donation. If the project is able to raise the predetermined amount in the time allotted, the money is distributed to the creator to implement the project. In the event that the project falls short of its fundraising goal the donor is not charged and none

¹⁸ Ibid.

¹⁹ Kickstarter, “Guidelines” https://www.kickstarter.com/help/guidelines?ref=help_nav (accessed February 13, 2014).

of the monies pledged go to the project. A 5 percent fee and a credit card processing fee ranging from 3 to 5 percent is applied to all successful campaigns. Kickstarter boasts a 44 percent success rate.²⁰

Crowdfunding Industry Report 2012

Crowdsourcing LLC, a research and advisory business, produced a report entitled “Crowdfunding Industry Report: Market Trends, Composition and Crowdfunding Platforms,” in May 2012. The company received 170 survey responses from funders and fundraisers for 2009-2011. The report found that there were 452 crowdfunding platforms worldwide, with a majority of those platforms located in North America and Western Europe. Collectively, these platforms raised almost \$1.5 billion in 2011, for more than one million projects worldwide.²¹ The United States CFPs accounted for more than \$575 million dollars in raised funds.²² The report showed that in 2011 43% of crowdfunding campaigns were reward-based and 28% were donation-based.²³ Only 15% of crowdfunding projects were equity based and 14% were lending based.²⁴ The reward-based category grew at the highest rate of 79 percent and is the largest category in terms of the number of CFPs.²⁵ In all, the report indicated that over the past three years crowdfunding amounts raised grew at a rate of 63 percent.²⁶

The fundraising success and use of crowdfunding has grown at a substantial rate from its beginning with the Marillion rock and roll reunion tour in 1997. In 2011 it

²⁰ Kickstarter, “Frequently Asked Questions,” https://www.kickstarter.com/help/faq/kickstarter+basics?ref=faq_nav#Kick (accessed February 13, 2014).

²¹ “Crowdfunding Industry Report: Market Trends, Composition and Crowdfunding Platforms” (Crowdsourcing, LLC., 2012) 11.

²² Ibid,12.

²³ Ibid,17.

²⁴ Ibid,17.

²⁵ Ibid,17.

²⁶ Ibid,14.

reportedly accounted for \$575 million dollars of raised funds in the United States..²⁷

These accomplishments have forced all sectors, including arts and cultural communities, to take note.

²⁷Ibid,12.

CHAPTER 2: WHY IS CROWDFUNDINGS SIGNIFICANT TO MUSEUMS?

Museums have used crowd-contributed and new media technologies (such as social media, blogs, and wikis) to engage, interact, and collaborate with museum visitors across the internet since 2008.²⁸ These web-based interactions have shaped new industry models and practices, which have included the use of crowdsourcing and crowdfunding. Crowd-contributed formats allow museums to incorporate new, creative, and engaging ways to approach fundraising projects on the internet.

Developments such as crowdsourcing and crowdfunding allow museums to interact with individuals who might never be able to physically visit the museum. In the article *Digital: Museums as Platform, Curator as Champion, in the Age of Social Media*, Nancy Proctor, author for *The Museum Journal*, stated that, “Many museums now receive the majority of their visitors online.”²⁹ With the rise of online museum visitation, it is important for museums to embrace online interactions in constructive, inventive and productive ways.

The museum’s online presence is also no longer confined to its own physical space or website. Through the use of portable digital devices such as smartphones and tablets, visitors can share images, videos, and make comments across a range of social media platforms, such as Flickr, Twitter, YouTube, Instagram, Vine, or Facebook as part of their museum experience. Whether or not museums choose to embrace social media sites, many of their visitors are using these platforms. Many museums have taken advantage of the opportunity to engage with visitors, supporters, and funders online and

²⁸ Nancy Proctor, “Digital: Museums as Platform, Curator as Champion, in the Age of Social Media,” *Curator: The Museum Journal*, 53/1 Wiley-Blackwell, (January, 2010):36.

²⁹ *Ibid.*,38.

in the museum through the crowd-contributed models of crowdsourcing and crowdfunding.

Crowdfunding and Trends in Museum Participation

The last twenty-four years has seen several negative trends which have impacted both arts and cultural institutions. These trends included declines in attendance and overall public dissatisfaction with museums and cultural institutions.³⁰ According to Nina Simon, author of *The Participatory Museum* [2010] lists five commonly-expressed complaints by the public about cultural institutions are: the museum was irrelevant to my life; the institution never changed; the museum's authoritative voice didn't include my view; the museum was not creative; and it was not comfortable.³¹ Increasingly, people are turning to other sources for their art or cultural experiences. In 2012, the National Endowment for the Arts reported that more individuals are consuming the arts through electronic devices than any other method.³² They also reported significant declines in attendance of museums, galleries and performing arts institutions.³³ These trends have influenced many museums to adopt practices that encourage visitor participation both online and in the museum.

Nina Simon, believes that participation-oriented initiatives are the way to reconnect with the public and connect with them in their contemporary lives.³⁴ She defines a participatory cultural institution, “as a place where visitors can create, share and

³⁰ Nina Simon, “The Participatory Museum.” *Museum 2.0*, (2010) i

³¹ *Ibid*, iii-iv.

³² Gross Rebecca, “How a Nation Engages with Art: Highlights from the 2012 Survey of Public Participation in the Arts.” NEA Research Report #57. (Washington, National Endowment for the Arts. 2013):43.

³³ *Ibid*, 43.

³⁴ *Ibid*, i.

connect with each other around content”.³⁵ The crowd-contributing philosophies of connecting and collaborating with a community are very prevalent in the model of a participatory cultural institution. In order to perpetuate their participatory initiatives many museums are using crowd-curating and crowd-funding as a way to engage donors and visitors.

One of the first ways museums embraced crowd-contributed content was through the use of crowd-curated exhibitions. In 2008, the Brooklyn Museum invited online visitors to rank photographs for an exhibition *Click!: A Crowd-Curated Exhibition*. Inspired by James Surowiecki’s book, *The Wisdom of the Crowds*, the exhibition explored the concept that the collective intelligence of the crowd was just as “wise” as the trained experts at evaluating the artwork.³⁶

The project started with an open call for artists to submit photographs with the theme of “Changing Faces of Brooklyn”. The museum then allowed the online community to evaluate and rank the photographs for the exhibition in an online-juried process. The result was a crowd-curated photography exhibit that was installed in the museum. Many reviews of the artwork in the exhibition by professional art critics were not positive, but regardless the exhibition drew a significant crowd.

The crowdsourcing model connected the Brooklyn Museum to online visitors and community members and captured and engaged the “face” of the neighborhoods it served. The format allowed online and local community members to be more involved in the museum’s curatorial process than ever before. Amy Dreher, a photographer who had

³⁵ Nina Simon, “The Participatory Museum.” *Museum 2.0* (2010): ii.

³⁶ Amy Dreher, “The Click Experience: A Participant’s View”, *Exhibitionist* (Fall 2009) http://name-aam.org/uploads/downloadables/EXH.fall_09/12-EXH_fall09_The-Click-Experience--A-Participants-Point-of-View_Dreher.pdf (accessed March 22, 2014):1.

participated in the project and was selected by the crowd to be in the exhibition, described her experience as, “I felt ownership over what was on those walls because I had been involved in it from the first walk we took to the last photo I ranked.”³⁷

The crowdsourcing format also facilitated interactions and collaborations between members of the crowd. Some of the individuals who submitted photos asked other members of the crowd, which included fellow photographers, for guidance on what their final photo submission should be. This was facilitated through commenting, ranking and reviewing other submissions on the website.

Philanthropic Trends Influencing Museums

Philanthropy has also been influenced by the introduction of crowd-contributed content and new media technologies of the 2000s. Coupled with the affects of the global economic recession of 2008, and shifting demographics of the traditional donor base beliefs towards philanthropy are changing. The global financial crisis of 2008 left many nonprofits, including museums, struggling to meet their fundraising goals³⁸ as they experienced reductions in government contracts, grants, foundation dollars, and donor support. These impacts have influenced the way many donors make philanthropic decisions.

Museum fundraising staff have looked at new tactics and methodologies to engage new donors. These strategies include creating personal connections with donors, utilizing social media, deepening relationships with donors throughout the campaign, and

³⁷ Ibid.4.

³⁸ Weikart, L, Chen, G, Sermier, Ed. *Budgeting and Financial Management for Nonprofit Organizations: Using Money to Drive Mission Success* (Los Angeles, C.A. CQ Press, Sage Publications, Inc. 2013):302.

identifying and acquiring new donors.³⁹ Crowdfunding engages all of these important new philanthropic strategies.

Museums most commonly receive funding through four main channels: earned income from fees and services, private philanthropy, government support, and investments. Individual contributions have long been a primary support for many arts and cultural institutions, accounting for 75 percent of all private giving, exceeding foundations and corporations giving.⁴⁰ In 2011, individuals contributed \$13 billion to arts and cultural charities.⁴¹ According to data compiled for the book *The State of Nonprofit America* during the twenty-eight year time period from [1977 to 2005], private charitable giving to United States' museums had remained relatively stable.⁴² Donating to civic amenities such as museums, traditionally, was viewed as a contribution to the social good and the act of giving consequently was one that “made you feel good.”⁴³

The important demographic shifts that will propel Baby-Boomers (those born 1946-1964) and subsequently Generation X (1965-1980) and the Millennials, also known as Generation Y (1981 to 1995) into seniors (an important “giving” age group) stand to influence the future of philanthropy. According to the report “The Next Generation of American Giving: The Charitable Habits of Generations Y, X, Baby Boomers, and Matures,” in which 1014 U.S. donors were surveyed online, Baby-Boomers along with

³⁹ Gary M. Cole. “*The New Comprehensive Capital Campaign*” Pursuant (2012) http://pursuant.s3.amazonaws.com/2012/Pursuant/Whitepapers/TheNewComprehensiveCapitalCampaign_Pursuant.pdf (accessed March 29, 2014): 5.

⁴⁰ Katherine Boyle, “Yes Kickstarter Raises more Money for Artists than the NEA” *Washington Post* (July 13, 2013). <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/07/07/yes-kickstarter-raises-more-money-for-artists-than-the-nea-heres-why-thats-not-really-surprising/> (accessed February 13, 2014).

⁴¹ Tyler Cowen, “How the United States Funds the Arts” Washington D.C. National Endowment for the Arts, 3rd Edition. (November 2012):18.

⁴² Lester M. Salamon, *The State of Nonprofit America*, 2nd ed. (Washington D.C. Brookings Institution Press, 2012.): 238.

⁴³ Merritt Elizabeth, “Trend Watch 2013: Back to the Future.” (American Alliance of Museums, Washington, DC. 2013):8.

the generation born before them the Silent Generation (those born 1946-64) were responsible for nearly 70 percent of all annual individual giving to charities, in 2012.⁴⁴ The study found that Baby-Boomers made up 34 percent of the donor pool and gave 43 percent of all money. This generation was responsible for a vast majority of charitable giving in 2012, some 51 million dollars in the U.S. However, of the Baby-Boomers polled only 6 percent had given to a crowdfunding campaign and only 13 percent would consider it in the future.

The next Generation X constitutes the first wave of Baby-Boomer's offspring and according to the study "The Next Generation of American Giving: The Charitable Habits of Generations Y, X, Baby Boomers, and Matures," they were found more likely to give to a crowdfunding effort than their parents. The study reported that while only 10 percent of this generation polled had given to a crowdfunding project 30 percent stated that they would likely in the future.⁴⁵ This generation represented 20 percent of the total giving, over 39 million dollars. Over half of this generation reportedly gave more than once a year to their favorite cause in 2012. However, only 36 percent of Generation X thinks they can make the most difference by donating money. In reflection of their uncertainty, half of Generation X stated the ability to see impact of their donation had a significant bearing on their overall decision to give.

⁴⁴ Heather Joslyn, "Baby Boomers Now Largest Source of Charity Gifts, Study Finds" *The Chronicle of Philanthropy* August 8, 2013 <http://philanthropy.com/article/Baby-Boomers-Now-Key-Source-of/140969/> (accessed May 5, 2014)

⁴⁵ Mark Rovner, "The Next Generation of American Giving: The Charitable Habits of Generations Y,X, Baby Boomers, and Matures" *Sea Change Strategies*(August 2013). <http://npengage.uberflip.com/i/147711> (accessed May 5, 2014).

The following generation of Millennials contributed the least in dollar amount to charities in 2012, but are the most likely to participate in crowdfunding in the future. In the same report 17 percent of Millennials surveyed had given to a crowdfunding campaign and 47 percent said they would consider donating in the future.⁴⁶ The report stated that 60 percent of the Millennials donated to a charity in 2012, an average of \$481 dollars each. Similar to Generation X, half of the Millennials agreed that proof of impact for their contributions influenced their decisions to give.

Crowdfunding is a key tool to engage Generation X and Millennial donors. According to the 2013 *Millennial Impact Report*, Millennials prefer to connect with nonprofits through technology, such as websites, social media, and mobile devices.⁴⁷ Millennials are more likely to give small donations to many charities than to focus their giving on just one cause.⁴⁸ The study also found Millennials' interactions with nonprofits are impulsive; therefore it is important to them that donations can be made quickly and easily. For many individual donors, crowdfunding platforms facilitate and simplify the tradition of private giving, thus encouraging philanthropy.

Both Generation X and Millennial also want to know that their donations make an impact and desire to see proof throughout the success of the campaign. However, it has been a challenge for museums to provide proof of impact for many projects and programs that return results over long periods of time. Crowdfunding provides a platform for those philanthropists concerned with impact and tracking results. Through crowdfunding,

⁴⁶ Heather Joslyn, "Baby Boomers Now Largest Source of Charity Gifts, Study Finds" *The Chronicle of Philanthropy* August 8, 2013 <http://philanthropy.com/article/Baby-Boomers-Now-Key-Source-of/140969/> (accessed May 5, 2014)

⁴⁷ "The 2013 Millennial Impact Report" *Achieve Guidance* (2013) :3 <http://cdn.trustedpartner.com/docs/library/AchieveMCON2013/Research%20Report/Millennial%20Impact%20Research.pdf> (accessed March 30, 2014)

⁴⁸ *Ibid*, 3.

individuals have been able to stay connected to the project throughout the campaign by posting comments, following updates, and interacting with the museum online before and after the fundraisers.

The History of Crowdfunding in Museums

The crowdfunding platforms' emphasis on individual participation, contributions, and creativity has lent itself well to arts and cultural projects. The history of crowdfunding in the arts goes back as early as the late 1990s. One of the earliest examples of crowdfunding was the reunion tour of the British rock band Marillion, in 1997. Artists and arts organizations were first of the "arts and cultural" organizations to embrace crowdfunding, followed several years later by museums and other cultural organizations. The next prevalent example for an arts organization was the launch, in October 2003, of a crowdfunding website by ArtistShare. The website claims to be the "internet's first fan funding platform for artists."⁴⁹ The crowdfunding site was designed to fund musical works in return for rewards including access to events, recordings, or recognition on a CD jacket cover.⁵⁰

Crowdfunding did not become a well-known fundraising tool in museums until 2008. It was reported as a trend to watch by the American Alliance of Museums (AAM), in 2011.⁵¹ One of the earliest museums using crowdfunding was the Neversink Valley Area Museum in Cuddlebackville, N.Y. The project successfully raised \$11,015 dollars

⁴⁹ Artistshare, "Artistshare About Us" <https://www.artistshare.com/v4/About> (accessed February 13, 2014).

⁵⁰ Ibid.

⁵¹ "The Future of Development: Crowdsourced Funding," The Center for the Future of Museums June 21, 2011, <http://futureofmuseums.blogspot.com/2011/06/future-of-development-crowdsourced.html> (accessed March 2, 2014).

in December of 2009 through the crowdfunding platform Kickstarter.⁵² The capital campaign was to plan a museum cultural and community art center.

The project successfully raised the money in less than ninety days with the help of 69 donors. Seth Goldman, the Museum Director commented, “If we had gone the traditional route... we’d probably still be scrounging to raise the money we need.”⁵³ He which continued to explain that the Kickstarter campaign made the fundraising process more efficient than customary mailers, cold calls, or email solicitations. The project harnessed the support of traditional museum supporters as well as other individuals who didn’t even know the location of Cuddlebackville, N.Y., before the campaign.

Another early example of the use of crowdfunding was by the Louvre, in Paris, France, which launched its first crowdfunding campaign in 2010 to acquire a 16th-century oil painting, “The Three Graces,” by Lucas Cranach.⁵⁴ The museum successfully raised in Euros what equated to \$1.6 million from over 7 thousand donors. Since then the Louvre has launched several other successful crowdfunding campaigns.⁵⁵ In 2012, with the help of 2,500 contributors, the museum raised the equivalent of \$664,000 to acquire a pair of thirteenth-century ivory statuettes. In January of 2013, in yet another campaign, it successfully solicited funding from internet contributors, who were asked to donate as little as a single euro (which converts to \$1.38), to raise money to restore the dome of the Panthéon.⁵⁶

⁵² Matt Villano, “Small Donations in Large Numbers, With Online Help” *New York Times*, (March 14, 2010). <http://www.nytimes.com/2010/03/18/arts/artsspecial/18CROWD.html> (accessed March 2, 2014).

⁵³ Ibid.

⁵⁴ Doreen Carvajal. “In Need, French Museums Turn to Masses, Chapeaux in Hand.” *New York Times*, (December 23, 2012). http://www.nytimes.com/2012/12/24/arts/design/french-arts-institutions-turn-to-crowdfunding.html?pagewanted=2&_r=1&smid=pl-share (accessed March 2, 2014).

⁵⁵ Ibid.

⁵⁶ Ibid.

The concept of crowdfunding within the past few years has become an increasingly popular movement in the museum community. The AAM Center for the Future of Museums acknowledged the importance of crowdfunding in a blog post *The Future of Development: Crowdsourced Funding*.⁵⁷ The article argued, “Still, it’s worth your attention – a model of funding projects that capitalizes on all the current hot buttons: social media, gaming, and micro-finance.”⁵⁸ The crowdfunding model offers museums a tool to implement current museum trends that focus on participation and the use of online social media technologies.

Since its launch in 2009, Kickstarter quickly became recognized as an important funding tool for the arts. Kickstarter has successfully funded almost 57 thousand campaigns; with 12,050 campaigns specifically in support of art, 5,658 for theater, 4,115 for photography, 1,755 for dance, and 27,807 for music and various other art-related causes. It now equates to roughly one-fourteenth of all individual arts donations dollars and one-third of the crowdfunding campaigns for art and performing arts generated over 5 thousand dollars.⁵⁹

In the 2012 National Endowment for the Arts report *How the United States Funds the Arts*, Rocco Landesman, Chairman of the NEA, stated, “Five years ago, “*crowd-funding* was not a concept that warranted a mention in this publication; but since 2009, Kickstarter has raised \$283 million for creative projects, making it a significant

⁵⁷ “The Future of Development: Crowdsourced Funding,” The Center for the Future of Museums June 21, 2011. <http://futureofmuseums.blogspot.com/2011/06/future-of-development-crowdsourced.html> (accessed March 2, 2014).

⁵⁸ Ibid.

⁵⁹ “Crowdfunding Industry Report: Market Trends, Composition and Crowdfunding Platforms” (Crowdsourcing, LLC., 2012) 19.

national player.”⁶⁰ The Washington Post reported in 2012 that Kickstarter had given more money for the arts than the National Endowment for the Arts.⁶¹ Walter Isaacson, president of the Aspen Institute, told Perry Chen founder of Kickstarter, during the Aspen Ideas Festival, “in some ways... you’ve invented something that does what the NEA used to do and can’t quite do now.”⁶²

Much like artists and arts organizations, museums have harnessed the power of crowdfunding as a new way to implement and fund projects. Crowdfunding has proven to be an influential fundraising model that can reach new audiences in different ways, when implemented effectively. Rocco Landesman, Chairman of the NEA, commented on the future of crowdfunding, “I am sure that the next five years will bring further innovations.”⁶³

⁶⁰ Cowen Tyler, “How the United States Funds the Arts” 3rd Edition. (Washington D.C. National Endowment for the Arts, November 2012):v.

⁶¹ Katherine Boyle, “Yes Kickstarter Raises more Money for Artists than the NEA” Washington Post, July 13, 2013. <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/07/07/yes-kickstarter-raises-more-money-for-artists-than-the-nea-heres-why-thats-not-really-surprising/> (accessed February 13, 2014).

⁶² Ibid.

⁶³ Cowen, Tyler “How the United States Funds the Arts” 3rd Edition. (Washington D.C. National Endowment for the Arts, November 2012):v.

CHAPTER 3: HOW ARE MUSEUMS USING CROWDFUNDING?

The following three case studies explore how museums have used crowdfunding to raise capital funds for exhibits, programs, preservation projects and acquisition of property. These museum projects show how crowdfunding has become an attractive new option to invite attention, fans, and funding. However, the cases also illustrate the difficulties museums can experience when planning a crowdfunding campaign. While other museum crowdfunding examples exist around the world these key cases show diversity in crowdfunding platforms, variations in success rates, and a range of museum governance and sizes. Both the American Alliance of Museums (AAM) and Mid Atlantic Association of Museums (MAAM) have discussed all three cases on crowdfunding in workshops and conferences.

Tesla Science Center “*Let’s Build a Goddamn Tesla Museum*”

In the case of “*Let’s Build a Goddamn Tesla Museum*” the Tesla Science Center at Warendlyffe, was able to raise a total of \$1,370, 461.00, through a strategic crowdfunding campaign in August of 2012. The fundraiser was launched in August 2012, on the fundraising site Indiegogo.com. The campaign reached its goal of \$850,000.00 in less than a week. At the fundraising campaign’s peak, donors gave \$27,000 in an hour.

The Tesla Science Center, also known as the Friends of Science East Inc, was born out of an offshoot of another nonprofit known as the Science Museum located in Shoreham-Wading River High School. The Science Museum had outgrown its facilities and was seeking a location off campus, when it became interested in the Warendlyffe

site as a possible new museum location. Wardencllyffe is a site in Long Island that is considered the only remaining laboratory of the scientist Nikola Tesla.

Nicola Tesla (1856- 1943) was an inventor and electrical engineer who was a pioneer in the fields of science, physics, and mathematics, and registered over 700 patents worldwide. Tesla's accomplishments include but are not limited to the Tesla coil, which has been widely used in radio and television; the alternative current induction motor; fluorescent light; laser beams; robots; remote control, the Tesla turbine; the vertical take off aircraft; and wireless communication.⁶⁴

Tesla began his career in 1881 as an electrical engineer for a telephone company in Budapest, Hungary. Unable to entice anyone's interest in his invention of the induction motor, in Europe, he moved to America in 1884 and worked for Thomas Edison in the Edison Labs. As an employee of Edison's he was responsible for improving dynamos, or direct current electrical generator. The direct current power could not travel more than two miles at high levels of voltage, while alternating could. Tesla pointed out to the inefficiency of using direct current power, and promoted the use of alternating current power. Due to Edison's interest and investment in direct current Tesla and Edison fought over this disagreement.⁶⁵ By 1886, Tesla separated from Edison labs and formed his own company, Tesla Electric Light & Manufacturing.

In 1901, Tesla purchased 200 acres of land on Long Island's north shore, from James S. Warden and began construction of the Wardencllyffe laboratory and tower. The site was designed as a wireless telecommunications transmission center. Prestigious

⁶⁴ Dr. Ljudo Vujovic, "Tesla Biography: Nikola Tesla The Genius Who Lit the World" *Tesla Memorial Society* July 10, 1998. <http://www.teslasociety.com/biography.htm> (accessed February 2, 2014)

⁶⁵ Ibid.

architectural firm McKim, Mead and White was hired to design the facilities. The tower, which was erected to transmit wireless telegraphy, was 187 feet high above ground and 120 feet below ground.⁶⁶ In July 1903, residents around the site experienced “a thunder-like noise” and “light displays were seen emanating from the tower for several nights,” in what is reported to be the only test of the site.⁶⁷

Industrialists and venture capitalist like J.P. Morgan provided funding for the project. However, the project ran into problems when financiers began investing in a system by Guglielmo Marconi, who had successfully started a wireless transmission center in 1903.⁶⁸ A few years later Tesla was forced to abandon the site and the tower was demolished in 1917.⁶⁹

The site later became a photo chemicals processing plant for Peerless Photo Products. By 1993, officials determined the groundwater was contaminated with chemicals and the then owner of the property, AGFA Corporation, worked for years to decontaminate the site until it was deemed remediated in 2012.⁷⁰ Wardencllyffe was threatened with demolition from developers. The threat increased in 2009 when AGFA put the property on the market.

The Science Museum board decided to pursue the acquisition of Wardencllyffe to save it from possible development. In 2008, the center changed its name to the Tesla Science Center at Wardencllyffe (TSC) as a symbol of their commitment to acquiring the property. The Tesla Science Center website stated, “The name change reflects the

⁶⁶ Gene, Genova, “A History of Tesla’s Laboratory” *Telsa Science Center At Wardencllyffe*. <http://www.teslasciencecenter.org/history-of-teslas-lab/> (accessed February 2, 2014)

⁶⁷ Ibid.

⁶⁸ Dr. Ljudo Vujovic, “Tesla Biography: Nikola Tesla The Genius Who Lit the World” *Tesla Memorial Society* July 10, 1998. <http://www.teslasociety.com/biography.htm> (accessed February 2, 2014)

⁶⁹ Gene, Genova, “A History of Tesla’s Laboratory” *Telsa Science Center At Wardencllyffe*. <http://www.teslasciencecenter.org/history-of-teslas-lab/> (accessed February 2, 2014)

⁷⁰ Ibid.

consistent focus of this organization, to establish a science and technology center and museum at the site of Nikola Tesla's former Wardenclyffe laboratory."⁷¹

Jane Alcorn, President of the Board of the Tesla Science Center and a retired teacher and librarian, lived down the street from Wardenclyffe. Alcorn has worked for eighteen years to try and raise enough money to save the property from demolition. The TSC had even launched a previous crowdfunding campaign to save the property through Indiegogo in July, 2010, that was unsuccessful.⁷² With a growing sense of urgency and worries that a developer might knock down the labs for condos or retail rental space, Alcorn turned to Facebook for help. In an interview with Nell Greenfieldboyce from National Public Radio (NPR) Morning Edition Alcorn recounted, "I posted on our Facebook page that we needed help from whomever could send out the word to celebrities or people with deep pockets or anyone they thought might be able to give us assistance."⁷³

Alcorn's Facebook call for help reached Matthew Inman, a cartoon blogger, and author of *The Oatmeal*. He had published a comic about Tesla and had previous experience with crowdfunding. The support of Inman was important to the success of this campaign. In an interview with Flora Lichtman of NPR, Inman stated, "I made a comic about him earlier this year, and I sort of rallied this fan base of Nikola Tesla fans. And then I actually was involved in this little lawsuit in June. It was unrelated to Tesla. But as part of this lawsuit, I ended up starting a charity campaign, a crowd funding

⁷¹ Tesla Science Center At Wardenclyffe, "A Brief History of Tesla's Science Center" <http://www.teslasciencecenter.org/a-brief-history/> (accessed February 2, 2014)

⁷² Ibid.

⁷³ Nell, Greenfieldboyce, "Zap! Cartoonist Raises \$1 Million for Tesla Museum." Morning Edition, National Public Radio, Inc. August 24, 2012.

campaign to raise money for cancer and for the National Wildlife Federation. And it was a huge success. We raised like 10 times the amount of money we needed. Instead of raising 20 grand, we raised \$211,000.”⁷⁴

The “*Let’s Build a Goddamn Tesla Museum*” fundraiser launched in August 2012, on the fundraising site Indiegogo.com. The campaign was able to tap an audience of Tesla fanatics, with over 33,000 contributions from more than a hundred different countries. In an interview with Greenfieldboyce for NPR’s Morning Edition, August 24, 2012, Jane Alcorn explained, “within the first six hours we had raised a quarter of a million dollars. Incredible.”⁷⁵ They reached their goal of \$850,000.00 in less than a week. The project had been Indiegogo’s fastest fundraising campaign.⁷⁶

Inman had a large and valuable network of supporters and followers of *The Oatmeal* available to him that contributed to the overall success of the campaign. He crafted a blog post that explained what the Tesla Science Center needed, and why Wardenlyffe should be saved. Inman was astounded to see the overwhelming support from his fans. In an interview on October 19, 2012, with Flora Lichtman of *NPR Science Friday’s*, Inman expressed, “His fans and readers are eager to click, “like” and repost things but to watch them “actually pull out their credit card and donate was really cool to see.”⁷⁷

⁷⁴ Flora Lichtman, “How One Guy Raised \$1.3 Million For A Tesla Museum.” *Talk of the Nation/Science Friday*. National Public Radio, Inc. October 19, 2012.

⁷⁵ Nell Greenfieldboyce, “Zap! Cartoonist Raises \$1 Million for Tesla Museum.” *Morning Edition*, National Public Radio, Inc. August 24, 2012.

⁷⁶ Frank Eltman, “Online fundraising nets \$1.3M to restore NY lab used by visionary scientist Nikola Tesla.” *The Canadian Press*, October 1, 2012. <http://ezproxy.shu.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=pwh&AN=MYO130103093912&site=eds-live> (accessed February 2, 2014).

⁷⁷ Flora Lichtman, “How One Guy Raised \$1.3 Million For A Tesla Museum.” *Talk of the Nation/Science Friday*. National Public Radio, Inc. October 19, 2012.

He also employed some very effective social media tactics to promote the campaign, such as publicly targeting and soliciting support from major donors over the Internet. Inman in an interview of August 16, 2012, with Arianna Coffin of Wired Magazine stated, “I’ve been bugging Larry Page on Google+ and tweeting to GE.” In the same interview Inman described himself as “a Tesla evangelist, - Teslavangelist.”⁷⁸ This tactic was designed to put pressure on corporations and large donors in hopes that they would make substantial donations to the cause.

While Inman helped promote the campaign online, the Tesla Science Center had been recruiting local support for the project since 1996. Alcorn in an interview with Arianna Coffin explained “We have been meeting with people at all levels of government, and now there isn’t a politician representing this area who doesn’t support our effort”.⁷⁹ The TSC held public outreach programs to support advocacy and educate the public about the significance of the site and their efforts. They also developed good relationships with former Tesla researchers, biographers, and fans. The support of their local community was overwhelmingly positive and led to an important volunteer base. The TSC received \$850,000 in a matching grant from New York State to help them purchase the Wardencliffe property.

Another popular incentive for donors were the clever and creative incentives. The campaign utilized a three-tiered giving system. The most popular giving levels were in increments of three, a fitting allotment, as the number three was purported to be Tesla’s favorite number. The three-dollar donations accounted for 38 percent of the total

⁷⁸ Arianna Coffin, “Interview With *The Oatmeal* and Tesla Science Center About New Tesla Museum.” Wired Magazine August 16, 2012. <http://www.wired.com/geekmom/2012/08/tesla-museum-interview/> (accessed February 2, 2013).

⁷⁹ Ibid.

incentives claimed. The reward, or perk, for this first level donation was a theoretical “Thank You”, compliment, and a high-five from Tesla if he were alive today. Another level was set at 33 dollars with an incentive of receiving a “Tesla > Edison” bumper sticker and accounted for 39 percent of the giving. The perks for increments of \$150 and above were limited in quantity to promote exclusivity.

According to the crowdfunding campaign site, there were 14,070 individuals claiming incentives, but 33,253 funders listed on the website. The TSC was responsible for providing all of the individuals that requested incentives when they donated with their perk. This became an onerous task and there are still donors, over two years later, on the fundraising webpage, who are actively seeking their perks. For example, Jacob Hamilton-Attwell, on January 7, 2014 commented on the campaign’s Indiegogo webpage, “Is 2014 the year when my shirt will be delivered?”⁸⁰ In a questionnaire conducted for this thesis, Jane Alcorn explained, “Sending out perks at the end is extremely difficult if you have a huge response as we did. Mailing 33,000+ perks required a lot of work. Perk preparation and a good system to get it done is essential.”⁸¹

The campaign ended on September 29, 2012 and successfully raised \$1,370,461.00, over half a million dollars more than the fundraising goal the TSC had set. Moving forward, TSC laid out a very clear plan, outlining the process and challenges that lay ahead. While the crowdfunding campaign was very successful, Alcorn in an interview explained, “Certainly the capital campaign is not the end of the

⁸⁰ Jacob Hamilton commented on, “Let’s Build a Goddamn Telsa Museum Comments” Indiegogo, entry posted January 7, 2014, <http://www.indiegogo.com/projects/let-s-build-a-goddamn-tesla-museum--5?c=comments> (accessed March 22, 2014).

⁸¹ Alcorn, Jane, Kulesa, Chester, Price, Lee. “Crowdfunding Elements to Success Survey 2014” Questionnaire Survey, *Google Forms* April 2, 2014.

fundraising efforts. We'll be looking at grants, corporate sponsorship and other means to make it happen".⁸² Alcorn estimates that, in order to reach their final goal of creating a museum, it will cost \$10 million or more.⁸³

Conservation Center for Art and Historic Artifacts “*Pennsylvania’s Top 10 Endangered Artifacts*”

As part of the *Save Pennsylvania’s Past* initiative, the Conservation Center for Art and Historic Artifacts (CCAHA) launched the “*Pennsylvania’s Top 10 Endangered Artifacts*” crowdfunding campaign. The public was encouraged to support preservation effort for ten historic objects from every region of Pennsylvania by sharing, voting and donating. By November of 2013, the CCAHA raised over \$16 thousand, through the crowdfunding campaign towards the conservation of the ten artifacts.

Established in 1977, the CCAHA is the country’s largest nonprofit conservation facility. The CCAHA has been dedicated to preserving the world’s material culture heritage. It fulfills this mission by providing conservation services, research, and educational opportunities for individuals, and cultural institutions. In 2013, partnering with a host of cultural and governmental organizations across Pennsylvania, the CCAHA launched the program “*Save Pennsylvania’s Past*” a two-year statewide initiative to preserve the millions of artifacts that helped shape the state’s history. The initiative received support from the Institute of Museum and Library Services (IMLS), as well as the Pennsylvania Council on the Arts, and it was awarded a *Connecting to Collections* Statewide Implementation Grant.

⁸² Arianne Coffin, “Interview With *The Oatmeal* and Tesla Science Center About New Tesla Museum.” Wired Magazine August 16, 2012. <http://www.wired.com/geekmom/2012/08/tesla-museum-interview/> (accessed February 2, 2013).

⁸³ Ibid.

The CCAHA modeled “*Pennsylvania’s Top 10 Endangered Artifacts*” after the Virginia Association of Museums “*Top 10 Endangered Artifacts*” program, which was launched in 2011. The Virginia program, which incorporated voting for your favorite artifact, was designed as an advocacy tool to create media awareness of collections needs. It was not a fundraising effort. The Virginia Association of Museums described it as follows: “While it is not a grant-making effort, the program offers collecting institutions a platform upon which to raise media and public awareness about the ongoing and expensive care of the collections at their institutions.”⁸⁴

Building on the Virginia Association of Museums concept, the CCAHA took its campaign one step further by incorporating crowdfunding. The project offered supporters a way to cast a vote as well as to donate to their favorite artifact. Individuals used the website to cast a vote to select their favorite artifact. The artifact with the most votes received the “People’s Choice Award.” Ingrid Bogel, Executive Director of CCAHA, in a press release dated September 19, 2013 stated, “Our goal with this campaign is to showcase the state’s historic treasures and the need to preserve and protect our heritage for future generations.”⁸⁵

As part of the project the CCAHA hired the website design firm P’unk Avenue to plan a crowdfunding platform specifically dedicated to fundraising and promoting

⁸⁴ Christina Newton, “The Virginia Association of Museum Announces Virginia’s Top 10 Endangered Artifacts Honorees 2013”. Virginia Association of Museums. (September 16, 2012). <http://archive.constantcontact.com/fs117/110144444299/archive/1114903187315.html> (accessed February 2, 2014).

⁸⁵ Conservation Center for Art and Historic Artifacts. “Online Campaign to Save Pennsylvania’s Past Launched Today.” Conservation Center for Art and Historic Artifacts. September 19, 2013. <http://www.ccaha.org/about/news/2013/09/19/online-campaign-to-save-pennsylvania-s-past-launches-today> (accessed February 2, 2014).

collections care projects.⁸⁶ The site was created as a permanent addition to the CCAHA's fundraising services.⁸⁷ It was intended to be user-friendly, nonprofit-friendly, and promote the CCAHA's preservation mission. The designers focused on highlighting the ten artifacts through the use of promotional features, such as photographs and videos. However, they emphasized the use of photographs over videos. By creating its own website, the organization avoided online transaction processing fees as contributions came directly to the organization. Each institution was able to keep the funds raised by the campaign, regardless of whether they reached the goal. As shown earlier, some host websites like Kickstarter.com require the campaign to reach the goal amount or the funds go back to the donors.

In January 2013, the CCAHA began its statewide call for "*Endangered Artifacts*" submissions. It received over 60 submissions. A selection panel of museum professionals and collections care professionals specializing in various disciplines of conservation and preservation, selected ten artifacts. Artifact finalists were selected on the basis of their need for conservation and their historical or cultural significance. The artifacts selected included various items important to the state's history, such as historic manuscripts, books, a butterfly specimen, film negatives, sculptures, textiles and the wig of a famous Congressman. The participating organizations included The Academy of Natural Sciences of Drexel University, American Philatelic Society, Carnegie Museum of Art, Chester County Historical Society, LancasterHistory.org, Mennonite Heritage Center,

⁸⁶ Lee Price, "Crowdfunding for Conservation." *Art-i-facts* (Winter 2013). Conservation Center for Art and Historic Artifacts.

⁸⁷ Ibid.

Old Economy Village, Pennsylvania Academy of the Fine Arts, Pennsylvania Anthracite Heritage Museum, and Schwenkfelder Library & Heritage Center.

In addition to the use of the crowdfunding platform, each of the ten finalists received the services of a communications firm called Canary Promotions.⁸⁸ The firm helped each institution to develop a marketing strategy to promote its artifact's historical significance and help raise funds for its conservation. The organizations utilized a variety of marketing strategies, catered to their unique audiences. Lee Price, Director of Development for the CCAHA explained the promotion of the project as follows, "We worked closely with a museum on a crowdfunding campaign to conserve a one-of-a-kind object with a unique story. It was relatively easy to get media attention and the object brought people to the site for special events associated with the campaign."⁸⁹

One of Canary Promotions' creative strategies was the Lancaster History Center's Thaddeus Stevens "Look-a-like" competition. This event was designed to help promote the conservation of one of the 10 most endangered artifacts, Governor Thaddeus Steven's infamously disheveled wig. Another campaign event was the Chester County Historical Society's "Click-a thon", which utilized local restaurants, Facebook and Twitter to spread the word about its artifact. The entire campaign launched with a kick-off event at the Governor's Residence, in Harrisburg PA, with the support of First Lady Susan Corbett.⁹⁰

On September 19, 2013, voting began for "*Pennsylvania's Top 10 Endangered Artifacts.*" Participants could begin casting their votes and make donations in support of

⁸⁸ Ibid.

⁸⁹ Price, Lee. "Crowdfunding Elements to Success Survey 2014" Questionnaire Survey, *Google Forms* April 2, 2014.

⁹⁰ Ibid.

their favorite artifacts. Lee Price, Director of Development for the CCAHA in a newsletter *Art-i-facts* described the benefit as follows, “The artifacts received more attention than ever before, along with an infusion of money for their preservation.”⁹¹ Over 5.2 million votes were cast and only 151 donations were made. Although the voting component of this campaign was very successful, there was much less enthusiasm for donating. At the end of the campaign there were 90 percent more votes cast than dollars raised.⁹²

The campaign concluded November 1, 2013 and raised \$16,098.00, i.e., only three percent of its \$520,000.00 goal. The winner and favorite artifact was the Passmore Williamson Visitor’s Book, owned by the Chester County Historical Society. It received 1.9 million or 37 percent of the total votes. However the Visitor’s Book fell well short of its \$25,000 fundraising goal and raised only \$8,930.00 dollars. Indeed, none of the artifacts reached their conservation fundraising goals during the campaign.⁹³ In a questionnaire conducted for this thesis, Lee Price, Director of Development for the CCAHA explained the challenges of the crowdfunding campaign as, “A campaign board without financial contributions or a reasonable number of donors looks like it is failing -- and people don't contribute to failing campaigns. Also, if there are less contributors than there are Board members, it is very obvious that the Board of Directors is not supporting the campaign. And if the Board doesn't care, why should anyone else?”⁹⁴

⁹¹ Ibid.

⁹² Ibid.

⁹³ Pennsylvania’s Top Ten Endangered Artifacts, “Standings” <http://www.patop10artifacts.org/standings> (accessed February 2, 2014).

⁹⁴ Price, Lee. “Crowdfunding Elements to Success Survey 2014” Questionnaire Survey, *Google Forms* April 2, 2014.

Smithsonian's Freer-Sackler Gallery "*Together We're One: Crowdfunding our Yoga Exhibit*"

The Smithsonian's Freer-Sackler Gallery campaign "*Together We're One: Crowdfunding our Yoga Exhibit*" is another important case study. This project started on May 29, 2013 and surpassed its goal of \$125,000.00 by July 1, 2013. The campaign was extended a few days, until July 8, 2013, and a second funding goal was set of \$200,000.00. In total it raised \$176,415.00.⁹⁵

The Smithsonian Institution has two museums of Asian art: the Freer Gallery of Art, and the Arthur M. Sackler Gallery. Both are located in Washington D.C., and the museums are physically connected by an underground passageway. The "*Together We're One: Crowdfunding our Yoga Exhibit*" was exhibited in the Arthur M. Sackler Gallery.

The Freer Gallery opened to the public in 1923 and predates the Arthur M. Sackler Gallery, which opened in 1987. The Freer Gallery of Art became the first art museum on the Smithsonian campus. Its core collection belonged to world art collector Charles Lang Freer, who, in 1905, gifted his collection of Asian artwork and archives to President Theodore Roosevelt to be turned into a public museum. The architect Charles Platt designed the museum space, based on Freer's vision of uniting artworks from around the world to be viewed together in one place.⁹⁶ Until the 1970s, live peacocks roamed the galleries.⁹⁷

⁹⁵ Freer Sackler. "Smithsonian Surpasses \$125,00 Goal for its First Major Crowdfunding Campaign" Freer Sackler The Smithsonian's Museum of Asian Art July 8, 2013. <http://asia.si.edu/press/2013/crowdfunding.asp> (accessed February 5, 2013)

⁹⁶ Freer Sackler. "The Freer Gallery of Art." <http://www.asia.si.edu/about/freer.asp> (accessed February 2, 2014).

⁹⁷ Ibid.

The second Smithsonian museum of Asian art is named for Arthur M. Sackler a physician, and medical publisher. Dr. Sackler gifted the Smithsonian with one thousand objects primarily consisting of Chinese and ancient Near Eastern Art and funded the creation of a new building to house the collection. The building was designed by architect Jean-Paul Carlhian.

The Smithsonian's Freer-Sackler Gallery has a long history of Smithsonian firsts. In addition to being the first Smithsonian art museum, it has one of the first laboratories dedicated to conservation and it was one of the first museums to participate in Google Art Projects.⁹⁸ The Freer-Sackler has perpetuated its history of innovation by hosting the first exhibition dedicated to the art of yoga and then crowdfunding the project.⁹⁹

The Freer-Sackler exhibit "*Yoga: The Art of Transformation*" was on display from October 19, 2013, to January 26, 2014. The exhibit included 130 Indian art objects representing the practice's two thousand years of existence. Artifacts were borrowed from twenty-five different museums around the world.¹⁰⁰ Due to the success of the crowdfunding initiative the Freer-Sackler Gallery extended the campaign to support exhibit stops throughout North America, London and Jodhpur, India.¹⁰¹

The exhibition and crowdfunding project was intended to spark the interest of yoga practitioners. In a press release dated January 14, 2013, the Freer-Sackler cited, "Since so many people practice and are enthusiastic about yoga, we're choosing a format

⁹⁸ Freer Sackler. "Yoga: The Art of Transformation: FAQ." Freer Sackler The Smithsonian's Museum of Asian Art. <http://asia.si.edu/support/yoga/faq.asp> (accessed February 2, 2014).

⁹⁹ Peck, Allison and Reynolds, Ellie. "Smithsonian's Sackler Gallery Debuts World's First Exhibition on the Visual History of Yoga" Smithsonian's Freer Sackler. (2013, May 14). <http://www.asia.si.edu/press/2013/yoga.asp> (accessed February 2, 2014).

¹⁰⁰ Ibid.

¹⁰¹ "Smithsonian's Freer Sackler: Together We're One." Razoo Foundation. <http://www.razoo.com/story/Smithsonians-Freer-Sackler> (accessed February 5, 2014).

that allows everyone to get involved, not just those who have the means to make large donations”.¹⁰² The popularity of yoga and support of yoga practitioners was undoubtedly a key factor that contributed to the success of the campaign.

According to a study in *Yoga Journal*, “Yoga in America 2012,” there are some 20.4 million currently practicing yoga in the United States.¹⁰³ The study found the demographic of the yoga practitioner was 82 percent female, and 68 percent were between eighteen and forty-four years of age. The study discovered that yoga practitioners spent \$10.5 billion on yoga classes and products in 2012, a 55 percent increase from 2008. Research also found that 44 percent of Americans expressed an interest in trying yoga.¹⁰⁴

There is undeniable evidence that yoga has become very popular and mainstream in the United States. The amount of Americans practicing yoga in 2012, showed an increase of 29 percent since 2008.¹⁰⁵ Anne Cushman, author of *Yoga Journal Lifestyle*, stated, “The fact is yoga mind-body practices are influencing almost every aspect of Western society, from medicine to Madonna's choice of outfits at the MTV awards.”¹⁰⁶

The Freer-Sackler Gallery selected a crowdfunding platform that would allow it to engage the online community of yoga practitioners. They partnered with Razoo to launch their campaign “*Together We’re One “Yoga: The Art of Transformation.”*”

¹⁰² “Yoga: The Art of Transformation: FAQ.” Smithsonian’s Freer Sackler.
<http://asia.si.edu/support/yoga/faq.asp> (accessed February 2, 2014)

¹⁰³ Yoga Journal. “Yoga Journal Releases 2012 Yoga In America Market Study.” *Yoga Journal*.
http://www.yogajournal.com/press/press_release/40 (accessed February 2, 2014).

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

¹⁰⁶ Anne Cushman, “New Yoga.” *Yoga Journal Lifestyle*, no. 281.
<http://www.yogajournal.com/lifestyle/281> (accessed February 2, 2014).

Through the Razoo.com campaign page supporters were able to easily make a donation one time, weekly, monthly, or annually to the Yoga campaign.

Through Razoo, supporters could easily share the campaign page and help promote the campaign. The Freer-Sackler marketed the campaign through social media with the message “crowdfund the world’s first exhibition on yogic art.” They also shared the campaign through twitter as #artforyoga and engaged twitter followers.¹⁰⁷

A special tool used by the campaign to spread its message was the recruitment of “Yoga Messengers”. These were participants who wanted to go beyond donating and help promote the Yoga exhibit and campaign. Cultural journalist Judith Dobrzynski, in her article “At the Freer-Sackler, Crowdfunding for Yoga” in *Arts Journal*, described the incentive to participate as, “Why not try to add to the appeal by giving people a little stake in the show?”¹⁰⁸ They were instructed to share the materials with their network through videos, blogs, and other social media. The “Yoga Messengers,” including over 170 participating individuals or yoga studios, received special materials designed to promote the exhibit and encourage support of the project.¹⁰⁹ “Yoga Messengers” were rewarded with an invitation to a museum special event.

Donors to the campaign were referred to as “Givers.” They were rewarded with incentives that the museum did not need to have produced by an outside source at an additional cost. These included sneak peeks, previews of the digital catalogues, and

¹⁰⁷ Razoo Foundation, “Smithsonian’s Freer Sackler: Together We’re One.” Razoo Foundation. <http://www.razoo.com/story/Smithsonians-Freer-Sackler> (accessed February 2, 2014).

¹⁰⁸ Judith H. Dobrzynski, “At The Freer-Sackler, Crowdfunding For Yoga” *Arts Journal*, May 28, 2013. <http://www.artsjournal.com/realcleararts/2013/05/at-the-freer-sackler-crowdfunding-for-yoga.html> (accessed February 2, 2014).

¹⁰⁹ Smithsonian’s Freer Sackler. “Yoga: The Art of Transformation: FAQ.” Freer Sackler The Smithsonian’s Museum of Asian Art. <http://asia.si.edu/support/yoga/faq.asp> (accessed February 2, 2014)

invitations to special events. The campaign included a donor name wall, which was a digital plaque that appeared in the museum lobby.

There was no mention on the campaign's webpage of donor discontent or disappointment in missing or late incentives. The "Join the Conversation" message board included only fourteen comments, which were all positive. Heather commented, on the fundraiser's webpage on July 2013, "As a kids' yoga teacher, I love this idea and support your efforts 100%. Thank You!"¹¹⁰

This crowdfunding project also utilized a tiered giving system, which was comprised of six steps. In the structure each funding level described the activities that a donation would support. For example, the \$25 giving level "Serenity" was described to "help create tranquil galleries" while the \$150 level "Bliss" would help support concerts, workshops and festivals. The highest level of giving listed, the \$1000 "Flight" was earmarked to transport "yoginis," or yoga masters, across the world for programming.

The "Yoga Exhibit" crowdfunding website displayed a two-minute promotional video, which led with compelling remarks, "We are making yoga history at the Smithsonian and we need your help."¹¹¹ The video featured appeals from Freer-Sackler staff members Debra Diamond, Curator of the Freer-Sackler Gallery, Mekala Krishnan Carpenter, Fellow of Indian and Himalayan Art, and the Director of the Freer-Sackler Gallery Julian Raby. The Smithsonian used the video to explain why the Freer-Sackler Museum needed the money for the exhibit, how it intended to use it and why it selected to crowdfund the campaign. The campaign strategically connected to the large

¹¹⁰ Razoo Foundation, "Smithsonian's Freer Sackler: Together We're One." Razoo Foundation. <http://www.razoo.com/story/Smithsonians-Freer-Sackler> (accessed February 2, 2014).

¹¹¹ Ibid.

community of yoga practitioners, through its video appeals and recruitment of yoga messengers. The exhibit embraced support from business partners that serve the yoga community, such as Times Square Alliance, Yoga City NYC, Yoga Alliance, Love Your Body: Virginia Yoga & Wellness Day, and D.C. Community Yoga. It also included non-yoga partners such as Whole Foods, and the Art Mentor Foundation Lucerne.

When the Freer-Sackler reached its goal of \$125,000 in June 2013 it continued raising funds totaling more than \$174,000. The additional funds raised paid for shipping the exhibit to London, and Jodhpur, India, as well as for publishing a full-color catalogue. The Smithsonian described the response from the community and fundraising campaign as positive, overwhelming, and “surpassing their ambitious goal” .¹¹² During a workshop “Fundraising and Promoting Collections” presented by the New Jersey Collection Care Network, Lee Price Development Director for the CCAHA described the Freer-Sackler “*Together We’re One “Yoga: The Art of Transformation”*” case study as a model project to lead museum crowdfunding best practices.

¹¹² Freer Sackler. “Yoga: The Art of Transformation: FAQ.” Freer Sackler The Smithsonian’s Museum of Asian Art. <http://asia.si.edu/support/yoga/faq.asp> (accessed February 2, 2014).

CHAPTER 4: WHAT ARE THE ELEMENTS OF A CROWDFUNDING CAMPAIGN THAT CONTRIBUTE TO SUCCESS?

Museums and nonprofits have used numerous different strategies to launch effective and successful crowdfunding campaigns. Whatever the strategy, a successful crowdfunding campaign must follow a number of basic rules. These include setting realistic goals at the beginning of the campaign, developing a concise message and marketing strategy, accessing a social media community, creating a lasting relationship of trust with donors, and following best practice strategies.

Each crowdfunding campaign will have its own goals that are closely linked to the project and the community that the project serves. These goals include, but are not limited to raising a set monetary amount, reaching a target audience, producing a product, implementing a project, or advancing the museum mission, idea or social cause. The majority of crowdfunding campaigns reach fundraising goals between \$3,500 and \$35,000.¹¹³ Typically, a donation to a reward-based crowdfunding campaign is twenty dollars.¹¹⁴ Setting goals based on highly successful crowdfunding campaigns that have raised millions of dollars is in, most cases, unrealistic.

If the campaign does not meet or exceed the targets set at the beginning of the campaign, the museum has the opportunity to learn from the unsuccessful project. For example, in the first attempt to crowdfund via Indiegogo in July, 2010, the Nikola Tesla Science Center at Wardencllyffe was unsuccessful. The first campaign raised no money,

¹¹³ Devin D. Thorpe, *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):14-15.

¹¹⁴ *Ibid*,18.

had no online supporters and no online comments.¹¹⁵ However, two years later, the museum improved its campaign strategy by tapping into a huge social media following and successfully raised \$1.3 million dollars from 33,000 thousand funders.¹¹⁶

Developing a Marketing Strategy: Message, Presentation, Social Media

Selecting a project, idea, or cause that will suit the crowdfunding format is key to the early development of the campaign. Devin D. Thorpe, author of *Crowdfunding for Social Good* and contributor for Forbes Magazine, advises nonprofits that, “Figuring out where your campaign has the potential to go is a critical first step.”¹¹⁷ Thorpe identifies six key factors that contribute to the potential success of a project: face, urgency, politics, geography, community, and event.¹¹⁸ These factors take into account the potential interest in the project the museum plans to fundraise for, the museum’s current online and local community, including businesses it has had dealings with, staff, visitors, volunteers, supporters, and social media followers. By evaluating these key factors, the museum can determine if the platform is appropriate for the campaign. The “Project Appeal Chart” found in the Thesis Appendix A.1 can be useful in determining the project potential for success.

After selecting a project that will resonate within the potential donors that can be reached through the crowdfunding platform, the museum designs the campaign’s marketing strategy. Devin Thorpe explains that, “The success of such a campaign has much more to do with your marketing than your cause or the good-heartedness of your

¹¹⁵ Indiegogo, “The Nikola Tesla Science Museum at Wardenclyffe” Indiegogo <http://www.indiegogo.com/projects/the-nikola-tesla-science-museum-at-wardenclyffe> (accessed March 3, 2014).

¹¹⁶ Ibid.

¹¹⁷ Thorpe, Devin, D. *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):14-15.

¹¹⁸ Ibid,14-15.

friends.”¹¹⁹ The marketing strategy should include the project message, the presentation of the message, and social media. An essential component of marketing is to develop a creative and clear message that sells the story of the project. The message should explain the vision and facts of the project and describe the problem(s) the project is going to solve with donors’ contributions.

The message should touch donors, causing them to react emotionally. This emotional reaction may vary from admiration or sympathy to intrigue or amusement. It may be accomplished through storytelling or through the tone of the message. The tone of the message should be carried throughout the overall design of the campaign. For example, if the project is somber, the tone of the message should not be humorous, otherwise emotional reactions to the message may be disjointed.

A great model for a strategy using “tone,” is the case study “*Let’s Build a Goddamn Tesla Museum.*” The campaign was heavily influenced by Matthew Inman, author of the blog, *The Oatmeal*, and of popular comic blog post *Why Nikola Tesla was the greatest geek who ever lived*. Since Inman’s fan base, a large part of the target audience, was familiar with his comic strips the campaign chose a tone very similar to his blog, but while humorous, it presented the facts and a sense of urgency. This approach strategically connected the campaign to the readers of Inman’s *Oatmeal* and *Tesla* blogs and to fans of the late scientist Nikola Tesla.

Once the museum has selected a message and the tone of the message, it must select the delivery strategy. This is accomplished by choosing the appropriate

¹¹⁹ Devin, D. Thorpe, *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):19.

presentation tools, which may include videos, graphics, blog posts, and photographs.¹²⁰

The media format chosen to express the message must clearly express the vision of the campaign in a creative and compelling way that will demonstrate to potential donors what their contributions will achieve.

A video can be a very compelling way to tell the message of the campaign and connect with donors. This powerful tool can be used to share the project's story through cinematic imagery and sounds that make the campaign real to the donor and may create an emotional response. On many crowdfunding web pages, the video is located at the top of the page and it is often the first impression a donor will get of the project.

Statistically, campaigns with videos significantly outperform campaigns without videos.¹²¹ An amateur video can be created fairly adequately and quickly applying standard computer video software to videos shot with a cell phone camera or camcorder. But as Devin Thorpe explains, "It is, however, the single most important element of what you put on your campaign page, so take it seriously."¹²² Another more costly and time-consuming option is to have a professional video created for the campaign.

The Freer-Sackler, "*Together We're One*" marketing campaign included a brief two minute professional video.¹²³ The short movie clip successfully captured the overall message of the campaign, which was that the Freer-Sackler was making yoga history and needed support in the form of a donation. It also made statements that connected to current yoga practitioners. For example, Debra Diamond, curator of the Freer-Sackler

¹²⁰ Thorpe, Devin, D. *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin, 2013):26.

¹²¹ *Ibid*,53.

¹²² *Ibid*,53.

¹²³ Razoo Foundation, "Smithsonian's Freer Sackler: Together We're One." Razoo Foundation. <http://www.razoo.com/story/Smithsonians-Freer-Sackler> (accessed February 2, 2014).

explained, “Sculptures and paintings created over two millennia shed new light on familiar practices, but also illuminate hidden histories.”¹²⁴ The video’s clear message and personal connections to yoga practitioners were a model presentation tool.

While campaigns with videos statistically outperform campaigns without them, other formats can provide a simple, clear and effective way to disseminate information about the project. Presentation tools that can be used to illustrate the mission of the project include slideshows, information graphics, data-charts, and graphs. However, these presentation tools do not provide as many opportunities to make emotional connections with donors as videos. The “*Pennsylvania’s Top 10 Endangered Artifacts*” project emphasized the use of curated images with informative captions as its primary presentation tool.¹²⁵ The participating museums all made a slideshow to tell the unique story of each of the artifacts and to clearly illustrate its conservation needs. Some also made a video. The highest-ranking artifact included a video on its campaign page.¹²⁶

Social media marketing is at the core of a crowdfunding campaign.¹²⁷ Julie Keck, social media and crowdfunding consultant, explains in the article “10 Social Media tips for a Successful Crowdfunding Campaign,” “You need to at least be on Twitter and/or Facebook to have a decent shot at crowdfunding, and you need to have been using them for a while.”¹²⁸ Popular social media sites include Facebook, Twitter, Vine, LinkedIn, Google+ and Instagram. This marketing strategy is a highly effective way to broadcast a

¹²⁴ Ibid.

¹²⁵ Pennsylvania’s Top Ten Endangered Artifacts. <http://www.patop10artifacts.org/> (accessed March 31, 2013)

¹²⁶ Pennsylvania’s Top Ten Endangered Artifacts “Standings,” <http://www.patop10artifacts.org/standings> (accessed February 2, 2014).

¹²⁷ Julie Keck, “10 Social Media Tips for a Successful Crowdfunding Campaign” (December 9, 2013) <http://www.pbs.org/mediashift/2013/12/10-things-to-know-about-social-media-savvy-crowdfunding/> (Accessed March 30, 2014)

¹²⁸ Ibid.

message to a large amount of people due to the high level of people that are actively involved with social media sites. It is important to continue connecting with the museum's online network throughout the crowdfunding campaign and social media is a simple way to make those interactions happen.

Facebook is one of the most popular and useful social media sites. In his book *Crowdfunding for Social Good*, Devin Thorpe writes, "Facebook is perhaps the most important tool in your campaign, because you can reach the same people over and over again in new ways without offending them- if you do it right."¹²⁹ Museums can use Facebook to build a following by "friending" individuals and bringing them into the museum's social network. The simple act of "liking" another Facebook member's post makes a personal connection with them. The Facebook platform offers museums a way to connect and engage with online communities in emotionally meaningful ways.

Not everything the museum posts on Facebook should be about the campaign or fundraising. Keep Facebook posts interesting and on a wide range of things that are happening in the museum or in the community it serves. Be strategic about what the museum posts, it is imperative to avoid anything that can be perceived as offensive. Releasing several Facebook posts a day is acceptable, but be sure to stagger them so individuals who check Facebook at different times of the day can see them.¹³⁰

Twitter is less popular than Facebook but can be used to help spread the message of the campaign. Building a following on Twitter is done through what is called a "mention" by tweeting members at their Twitter@handle or "retweeting" another followers post. The site allows individuals to post public messages or "tweets" that are

¹²⁹ Thorpe, Devin, D. *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):17

¹³⁰ Ibid,17.

limited to 140 characters.¹³¹ This compels the museum to say something very meaningful in the space allotted. Most tweets should include a direct link to the museum's website or the campaign's webpage.

Each social network has its own unique character and tone and should be treated differently and separately. What the museum decides to post on Facebook or Twitter must be different from Instagram or Vine, which are photography and video-based social media platforms. As new social media platforms launch, it is important to be aware of their uses and limitations as well as the trends in their popularity. The Huffington Post reported in 2013 that, at the time, there were over 500 different social media sites.¹³² Determining which sites the museum will engage during the campaign is an important strategic decision. But regardless of the social media sites that it chooses, the museum must commit to them completely.

In order to be effective, it is important for the museum to engage individuals regularly and with meaningful interactions. Otherwise, the museum runs the risk of followers ignoring their posts or "unfriending" them. Since much of the success of crowdfunding relies on the "crowd's" willingness to follow the fundraiser on social media, it is important to engage the crowd through thoughtful social media interactions.

Promoting Peer-to-Peer Sharing

Crowdfunding promotes the trend of peer-to-peer fundraising. This is the fundraising practice, in which supporters are leveraged to fund on behalf of the museum.

¹³¹ Twitter "Learn more # tweet" <https://discover.twitter.com/learn-more#tweet> (accessed March 30, 2014).

¹³² Craig Randall, "How Many Social Media Sites Will Service?" Huffington Post March, 21, 2013 http://www.huffingtonpost.ca/randall-craig/social-media-sites_b_2925234.html (accessed March 30, 2014)

Supporters are engaged and empowered with the resources to share the fundraiser that they supported with their own peers through social media. It is common for crowdfunding platforms to include features that encourage peer-to-peer sharing. Through many of the websites individuals can sign up to fundraise for the cause, or become ‘fans’ of the cause (the Facebook equivalent of ‘liking’ something which was discussed above).

A great example of this model is the Smithsonian’s campaign “*Together We’re One* “*Yoga: The Art of Transformation.*” The investment in peer-to-peer fundraising or what the Freer-Sackler referred to as a “community of supporters” was a key to the success of the “*Together We’re One*” fundraising efforts. The Razoo website offered multiple ways for peer-to-peer fundraising. The campaign allowed individuals or groups to sign up as Media Partners, Promotional Partners, Exhibition Sponsors and “Yoga Messengers”.¹³³ The “Yoga Messengers,” were recruited by the museum to spread the word about the fundraiser. They were given formal instructions and materials from the museum to share through social media. The “Yoga Messengers” included over 170 individuals, yoga studios and wellness centers, which helped spread the museum’s crowdfunding message to a wider audience than its own social media network.

Devin D. Thorpe recommends preparing a formal tiered strategy for developing and assessing the peer-to-peer fundraising reach. This includes recognizing three different levels of supporters (*Partners, Champions and Boosters*) that will help share the campaign message and fundraiser. The *Partners* are the primary team members and they are responsible to raise funds for the campaign. They include the museum’s fundraising

¹³³Freer Sackler, “Yoga: The Art of Transformation: Supporters.” Freer Sackler The Smithsonian’s Museum of Asian Art. <http://asia.si.edu/support/yoga/digital-plaque.asp> (accessed March 16, 2014).

employees or other individuals with core responsibilities to fundraise for the campaign. Next on the team are *Champions*. These are members outside of the *Partner* circle that have formally committed to help. They can include active community organizers, local business sponsors, and board members. The final group on the team are the *Boosters*. These are individuals who help spread the word about the campaign. They include dedicated fans, volunteers, or members in the museum network.¹³⁴ The “Project Appeal Equation” found in the Thesis Appendix A.2 can be used to calculate the potential financial goals the team stands to raise.

Crowdfunding success is essentially a numbers game, based on how many people the museum can reach on line. Devin Thorpe explained, “You’ll want to engage all of your friends on all of your networks, so be sure to count your friends on all of your networks, and be sure to count your friends, followers and fans on any social network to help gain a sense of how much money you can raise.”¹³⁵ Prior to launching a crowdfunding campaign the museum needs to assess how many people are within its social media reach.

Successful Tiered Giving and Incentives

Developing creative and inspiring rewards, perks, or incentives is a useful strategy in the planning of a crowdfunding campaign. The first step in this process is to determine what type of incentives, perks, or rewards will be offered. As discussed in Chapter 1, the donation-based initiative is an entirely philanthropic model and the rewards-based system provides non-financial incentives to funders, such as t-shirts, CDs, DVDs, posters or special access to events.

¹³⁴ Ibid,16.

¹³⁵ Ibid,19.

In a tiered giving program, incentives and perks are designed to match the donor's level of giving. While there are successful crowdfunding campaigns that do not offer rewards, offering rewards for donors is increasingly common. Rewards are a useful way to acknowledge donors and show an appreciation for their contributions. Thoughtfully crafted rewards and incentives can greatly contribute to the success of a campaign. Offering donors a wide variety of incentives to choose from in a tiered giving system is a useful strategy for promoting philanthropy. When developing rewards and incentives, there are a few key considerations: budget, time, and relevancy to the campaign.¹³⁶ It is vital that the museum has budgeted for products, shipping supplies, and time necessary to deliver the rewards to donors in a timely manner. All incentives should be thematically relevant to the fundraising campaign, while being thoughtful and desirable.

The creatively tiered rewards were key factors that contributed to the success of the “*Let’s Build a Goddamn Tesla Museum*” crowdfunding campaign. *The Oatmeal* offered a variety of perks, listing eleven different incentives on their Indiegogo webpage, that were both relevant to the cause and humorous. The “*Let’s Build a Goddamn Tesla Museum*” campaign’s reward perks were so popular that it became difficult for the museum team to keep up with the over eight-thousand demanded rewards.¹³⁷

The clever incentives included the “Tesla > Edison” bumper sticker, Wardenclaffe T-Shirts, Nikola Tesla posters autographed by a family descendent, and Tesla Geek Booklets autographed by *The Oatmeal* author Matthew Inman. The highest

¹³⁶ Devin, D. Thorpe, *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin, 2013):26

¹³⁷ Indiegogo “Let’s Build a Goddamn Tesla Museum Updates” <https://www.indiegogo.com/projects/let-s-build-a-goddamn-tesla-museum--5?c=activity> (accessed March 31, 2014)

perk available to an individual or company who was willing to donate \$33,000 to the project was a feature by Matthew Inman about them for *The Oatmeal*.¹³⁸ The Best Western Denver Southwest Dinosaur Wonderland Hotel in Denver, Colorado, donated \$35 thousand and was featured in *The Oatmeal*, resulting in 76,000 likes on its Facebook wall.¹³⁹

There are important considerations and tax implications that arise when someone receives something of value with their contribution. For example, donations made to a crowdfunding website owned and managed by a nonprofit can be considered tax-deductible charitable gifts. However, the tax-deductible value of the donation would need to be calculated minus the fair-market-value of any perks received.¹⁴⁰ The museum can develop a number of creative ways to offer tiered giving rewards that are not financially valuable, such as personalized thank you messages, and special access to special events.

The Freer-Sackler “*Together we’re One Yoga Exhibit*” campaign developed five tiers of giving through the Razoo website. The rewards to donate were impact based, meaning the donors’ contributions supported specific yoga activities. Each giving level on Razoo described to donors what their donation would support. For example, sixty-five dollar donations would fund bringing yoga classes to the museum; or 150 dollars would fund shared concerts, workshops and festivals.¹⁴¹ Donations of one thousand

¹³⁸ Donation To “Fundraising with Perks and Tier Level Rewards” Donation To Blog May 23, 2013 <http://www.donationto.com/blog/fundraising-with-perks-and-tier-level-rewards/> (accessed March 22, 2014).

¹³⁹ The Oatmeal “Dinosaur Hotel” http://theoatmeal.com/blog/dinosaur_hotel (accessed March 22, 2014).

¹⁴⁰ Devin D. Thorpe, *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):33

¹⁴¹ Razoo Foundation. “Smithsonian’s Freer Sackler: Together We’re One.” Razoo Foundation. <http://www.razoo.com/story/Smithsonians-Freer-Sackler> (accessed February 2, 2014).

dollars would transport master practitioner or *yoginis*, across the world to the museum.¹⁴²

The campaign also thanked supporters with a digital name plaque on their website, with varying font sizes based on the donor's level of giving.

Personalized thank-you messages are a simple way to acknowledge patrons for their contribution. A thank you can come in many different forms and can cost the museum little to no money. A special museum thank you for donors can include a photo of an artifact or a video recording of museum staff, volunteers, artists, historians or other individuals involved in the museum project. Thank you messages can be sent through emails, social media platforms, or via mail. Tweeting a thank you to donors that provide a Twitter handle can potentially inspire other individuals to donate. Many crowdfunding platforms offer a customizable feature that generates a thank you so the donor is thanked at the time of the donation.

Accountability

Building meaningful, trusting and long-lasting relationships with donors and supporters throughout the campaign is imperative to a successful crowdfunding campaign and maintaining accountability. Devin Thorpe described the importance of building trust as, "Whatever you are doing with crowdfunding, your first goal should be to build relationships of trust with your supporters."¹⁴³ Every step of the strategic plan should be designed to engage donors and potential donors in thoughtful ways.

Museums launching these crowdfunding campaigns should incorporate active oversight and engagement into the crowdfunding process, as it is imperative to maintain

¹⁴² Ibid.

¹⁴³ Devin D. Thorpe, *Crowdfunding for Social Good: Finance Your Mark on the World* (Thorpe, Devin. 2013):83

responsible, ethical stewardship and accountability.¹⁴⁴ Museums should adhere to best practice standards and principals to guide fundraising decision-making, such as those set by the International Council of Museum (ICOM) and American Alliance of Museum's "code of ethics for museums", and the Association of Fundraising Professional's "code of ethics." Adhering to the high ethical standards will improve the accountability of the campaign and contribute to its overall success.

In the article, *The Ethics And Values of Crowdfunding*, Davies Rodrigo described the pursuit of ethics in crowdfunding as a moral imperative to be civically minded and fair.¹⁴⁵ He presented three core ideas: *Capacity*, *Engagement*, and *Accountability*. These serve as the framework of accountable, fair, and civic crowdfunding and should be incorporated during the campaign. The first core idea is *Capacity*, which ensures the project serves a need that is otherwise not being met, will build up capability in a community, and promote social equality.¹⁴⁶ The next value, *Engagement*, seeks the involvement of groups in the community that the project stands to affect.¹⁴⁷ This value ensures that the organizer has discussed the proposal with the community prior to the fundraiser and is working in cooperation not competition with any other organizations serving the community. *Accountability* is the third core idea. It involves reporting regularly to supporters and the wider community on the progress of the project, explaining successes and challenges, including time frame and budgetary

¹⁴⁴ Rodrigo Davies, "The Ethics and Values of Crowdfunding" MIT Center for Civic Media January 7, 2014 <http://civic.mit.edu/blog/rodrigodavies/the-ethics-and-values-of-crowdfunding> (Accessed April 5, 2014)

¹⁴⁵ Rodrigo, Davies, "The Ethics and Values of Crowdfunding" MIT Center for Civic Media January 7, 2014 <http://civic.mit.edu/blog/rodrigodavies/the-ethics-and-values-of-crowdfunding> (Accessed April 5, 2014)

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

goals.¹⁴⁸ Appendix C, “Best Practice Standards for Crowdfunding in Museums” is a useful resource to guide ethical and accountable practices in crowdfunding. The guidelines discuss ethical practices, accountability and transparency, and taxation and legal responsibility.

¹⁴⁸ Ibid.

CONCLUSION

Since 2009, crowdfunding has become an influential fundraising model that can reach new audiences when implemented effectively. Museums have harnessed the power of crowdfunding as an effective and relevant way to reach new, as well as traditional donors comfortable with giving on line. On the basis of relevant literature on the subject and an analysis of three significant case studies, this thesis has identified several effective strategies for museum crowdfunding. It has demonstrated that, since much of the success of crowdfunding relies on the “crowd,” it is important to engage and empower the online community with a clear message and to use all available promotional tools to advance the mission of the campaign. It is also important to build meaningful, trusting and long-lasting relationships with donors and supporters throughout the campaign by engaging the online community of donors and potential donors in a thoughtful and transparent manner throughout the campaign. Finally, when museums commit to a crowdfunding campaign, they should understand all the ethical and legal issues that can occur. A crowdfunding campaign must be responsible and accountable to every donor.

There is still much to learn and understand about this new fundraising format, but there are already many successful crowdfunding examples to follow. In a questionnaire sent out to [five museum professionals] for this thesis, Jane Alcorn, President of the Telsa Science Center, responded to a question about the future of crowdfunding, “Lots will try it, many will fail, but all will gain something.”¹⁴⁹ When asked the same question, Lee Price, Director of Development for the Conservation Center for Art and Historic Artifacts responded, “Crowdfunding is very young, with most platforms following the Kickstarter

¹⁴⁹ Jane Alcorn, “Crowdfunding Elements to Success Survey 2014” Questionnaire Survey, *Google Forms* April 2, 2014.

model, which has only been around since 2009. The field will continue to rapidly change. But I think that crowdfunding is here to stay, and the smart museums will learn to use it as an effective new tool for raising funds for special projects. On the other hand, I don't see it ever becoming an effective tool for raising operating support.”¹⁵⁰

As museums and nonprofits gain greater familiarity with the format, they will develop more advanced strategies and effective tools to engage the crowd. Commenting on the future of crowdfunding, Rocco Landesman, Chairman of the NEA, stated, “I am sure that the next five years will bring further innovations.”¹⁵¹ Only time can tell what the future holds for crowdfunding but this thesis hopes to shed light on the effectiveness of crowdfunding now.

¹⁵⁰ Jane Alcorn, “Crowdfunding Elements to Success Survey 2014” Questionnaire Survey, *Google Forms* April 2, 2014.

¹⁵¹ Tyler Cowen, “How the United States Funds the Arts” 3rd Edition. Washington D.C. National Endowment for the Arts, November 2012:v.

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APPENDIX A. 1: PROJECT APPEAL CHART WORKSHEET

PURPOSE: The “Project Appeal Chart” and “Project Appeal Equation” was compiled using the six key factors developed by Devin D. Thorpe, author of *Crowdfunding for Social Good*, and contributor for Forbes, as a way to evaluate the potential success of a crowdfunding project.

PROJECT APPEAL CHART						
<u>Factors</u>	<u>Description of activity</u>	<u>Rating</u>				
		<u>(low)</u>				<u>(high)</u>
		1	2	3	4	5
Face	A image, symbol, product or message selected to best convey the story and point of the campaign.					
Urgency	A sudden problem or threat, which emotionally connects to an audience.					
Geography	The distance between the individuals the project serves and the project; local projects that serve the local community are more likely to have local success, thus weighted higher.					
Community	Projects relationship to the community, addressing a local need or concern, and having a natural connection to community are all positive factors.					
Politics	Politically charged campaigns can alienate a potential audience. Making the campaign harder. Give high scores if the cause is not politically divisive.					
Event	A special event or activity that has a natural associated to the project, and can be a catalyst for promotion and audience engagement.					
<u>Total</u>	1-9 not likely to reach many people 10-19 reaches only existing network 20-25 reaches Beyond Network Potential- + 25% 26-30 reaches Beyond Network Potential- + 75%					

INSTRUCTIONS:

The factors are weighted on a scale from 1 to 5, with 1 being a poor score, and 5 as ideal. The higher the score the more likely the campaign will engage an outside network, appeal to constituents, and lead to successful obtainment of goals.

BEYOND NETWORK POTENTIAL SCORING

Scores of 20 to 25 can expect to reach 25% *beyond network potential*.

Scores of 26 and up can expect to reach 75% *beyond network potential*.

Source: Thorpe, Devin, D. Crowdfunding for Social Good: Finance Your Mark on the World (Thorpe, Devin. 2013):14-15

APPENDIX A.2: PROJECT APPEAL EQUATION

The “Project Appeal Equation” is a simple equation, designed to determine the fundraising potential of the campaign.

INSTRUCTIONS:

Calculate the financial goals of the team and the size of the network of the museum. Then factor in the projects *beyond network potential* scored from the “Project Appeal Chart” A.1. This information can evaluate the potential of the campaign, and determine approximately how much money the museum can raise.

1. Calculate the museum’s existing network: (total social network, friends, members, not including the team.) and total team potential:

$$\text{Number of Existing Network} \times \$20 = E.$$

$$\text{Number of Partners} \times \$2,000 = P.$$

$$\text{Number of Champions} \times \$1,000 = C.$$

$$\text{Number of Boosters} \times \$500 = B.$$

2. Combine the existing network and team potential to determine the network potential.

$$\text{Network Potential} = E + P + C + B$$

3. Use the “Project Appeal Chart” (Appendix 4.1) and factor in the “Beyond Network Potential” percentages (scores of 21-25 = 25%) or (scores 26-30 = 75%).

$$\text{Total Potential} = \text{Network Potential} + (\text{Beyond Network Potential: } 25 \% \text{ or } 75 \%)$$

For example: If the existing museums network consisted of 50 people, 2 Partners, 2 Champions, 10 Boosters and the Project Appeal scored a 24, the total fundraising potential of the project is \$15,000. Or if the Project Appeal score was higher than 24, the project could reach \$21,000.

Source: Thorpe, Devin, D. Crowdfunding for Social Good: Finance Your Mark on the World (Thorpe, Devin. 2013):18

APPENDIX B: CROWDFUNDING ELEMENTS TO SUCCESS SURVEY 2014

On April 1, 2014 the survey “Crowdfunding Elements to Success Survey 2014” was emailed to five staff members involved in the crowdfunding museums case studies referenced in this thesis. Three participants responded from two of the three cases studies referenced in the thesis. Their answers offer a unique first hand account and perspective to the crowdfunding experience. Their survey responses are listed below.

CROWDFUNDING ELEMENTS TO SUCCESS SURVEY 2014			
Museum or Organization	Title	Your Name	Timestamp
Answers Museum: 1			
Anthracite Heritage Museum	Site Administrator	Chester Kulesa	4/2/2014 21:00:45
Answers Museum: 2			
Conservation Center for Art and Historic Artifacts	Director of Development	Lee Price	4/10/2014 14:27:19
Answers Museum: 3			
Tesla Science Center at Wardencllyffe	President	Jane Alcorn	4/15/2014 2:03:46

Rate the importance of the element mentioned below to a crowdfunding campaign: Scale 1 (not important) – 5 (very important)				
Size of museum social network:	Strength and dedication of the fundraising team:	Compelling story or message for the cause or project:	Compelling video, images or graphics:	Building trusting relationships with donors:
Answers Museum: 1				
5	5	5	5	5
Answers Museum: 2				
5	5	5	4	4
Answer Museum: 3				
5	4	5	3	4

Which element do you consider to be the most important to a crowdfunding campaign and why?
Answers Museum: 1
I consider a compelling video to be the most important. It tells the story of the passion for the subject of the fundraising effort and can inspire others to give.
Answers Museum: 2
I'd rank the dedication of the museum's social network as most critical to crowdfunding success, as

opposed to the size. To most effectively increase the odds for success, the museum should invest in community building, encouraging an atmosphere where people who "like" them or "follow" them are comfortable in responding, sharing, and/or retweeting. If 50% of 1,000 network members are likely sharers, that's much better than a rate of 10% of 2,000. It's best to have close friends who are strongly enthusiastic and willing to be identified with the museum's mission.

Answers Museum: 3

Three components: compelling cause, well-known and well-followed spokesperson, appropriate crowd funding platform for the campaign.

What elements of the campaign were the most successful in your crowdfunding experience? Why do you consider them successful?

Answers Museum: 1

The compelling story of an object that we wished to conserve was the most successful for us. It was the strength and dedication of the fundraising team that made the campaign possible.

Answers Museum: 2

We worked closely with a museum on a crowdfunding campaign to conserve a one-of-a-kind object with a unique story. It was relatively easy to get media attention and the object brought people to the site for special events associated with the campaign.

Answers Museum: 3

It was all successful because we tapped into a large social-media fan base.

What elements would you consider unsuccessful? Why do you consider them unsuccessful?

Answers Museum: 1

I did not consider any elements to be unsuccessful, but we could improve by increasing our social network.

Answers Museum: 2

We worked with a museum on a crowdfunding campaign where there was no cohesion--and little buy-in or support--from important departments within the museum. At larger museums, curatorial, marketing, development, and administrative departments should all be solidly behind the campaign. Staff should be prepared to share and/or retweet. Board members should contribute.

Answers Museum: 3

Sending out perks at the end is extremely difficult if you have a huge response as we did. Mailing 33,000+ perks required a lot of work. Perk preparation and a good system to get it done is essential.

What lessons did you learn from your crowdfunding experience?

Answers Museum: 1

It was a good experience and we plan do it all again.

Answers Museum: 2

A number of donations should be solicited in advance, with commitments from the donors to make their donations within the first hours of the campaign. Museums should ignite the campaign, rather than wait for momentum to start externally. A campaign board without financial contributions or a reasonable number of donors looks like it is failing -- and people don't contribute to failing campaigns. Also, if there are less contributors than there are Board members, it is very obvious that the Board of Directors

is not supporting the campaign. And if the Board doesn't care, why should anyone else?
Answers Museum: 3
With the right message, social media followers, and intriguing cause, crowdfunding can be a helpful tool for raising money.

How do you foresee the future of crowdfunding as fundraising tool for museums?
Answers Museum: 1
I think that crowdfunding has a an important role to play as a fundraising tool in the future for museums. It is a way to reach out to many people.
Answers Museum: 2
Crowdfunding is very young, with most platforms following the Kickstarter model which has only been around since 2009. The field will continue to rapidly change. But I think that crowdfunding is here to stay, and the smart museums will learn to use it as an effective new tool for raising funds for special projects. On the other hand, I don't see it ever becoming an effective tool for raising operating support.
Answers Museum: 3
Lots will try it, many will fail, but all will gain something

Other comments
Answers Museum: 1
We are currently exploring working with an educational institution in gathering data through the zooniverse. This would allow many people to gather research data from various sources and share in one central collection point.
Answers Museum: 2 <i>No reply from survey participant</i>
Answers Museum: 3 <i>No reply from survey participant</i>

APPENDIX C: BEST PRACTICE STANDARDS FOR MUSEUM CROWDFUNDING

ACCOUNTABILITY AND TRANSPARENCY

The museum will ensure that the crowdfunding project seeks to:

- clearly articulate precisely what the museum will do with the donors' contributions.
- report regularly to supporters and the wider community on the progress of the project, informing them of success and challenges including time frame and budgetary goals.
- determine if the funds will be returned to donors or used to partially fund the project.
- clearly explain at the start of the campaign what will happen with funds if the campaign does not reach its goal.

ETHICAL VALUES

The museum will ensure that the crowdfunding project seeks to:

- build capacity in the community it serves.
- serve a need in the community that is otherwise not being met.
- promote a publically beneficial cause that is not only of self-interest to the museum its staff, the board or financial supporter.
- receive the backing and support of the community the project stands to influence.
- discuss the project with the community to receive their support prior to the launch of the campaign.
- work in cooperation, not competition, with any other groups that are serving the community in a similar way.

LEGAL RESPONSIBILITY

The museum will ensure that the crowdfunding project does not seek in anyway to:

- violate any of the principles or standards set by professional organizations for museums or fundraising professionals including: International Council of Museum (ICOM) and American Alliance of Museum's "code of ethics for museums", and the Association of Fundraising Professional's "code of ethics."
- violate the "E-Donor Bill of Rights" *Practicing Ethical Fundraising in Museums* by Kelsey Parman.
- break or encourage the violation of any laws in support of criminal activity.
- promote violence, endanger or threaten an individuals' or groups' safety.
- promote injustice, prejudice, or offence against an individual or group based on race, ethnic origin, religion, disability, gender, age, veteran status, sexual orientation or gender identity.
- engage in any fraudulent activity including soliciting or accepting money under deliberately misleading pretences related to the nature of the project and expected outcome.
- break any of the "terms of service" provided by the crowdfunding platform used when applicable.

TAXATION RESPONSIBILITY

The museum planning a crowdfunding campaign must understand all laws and IRS regulations governing taxation and tax-exemption. Crowdfunding taxation specifics should be taken into consultation with a tax accountant and/or lawyer prior to launching the campaign. All taxation considerations should be incorporated into the planning of the fundraiser before the campaign begins.

Consider when selecting a third party crowdfunding platform whether or not the platform provides sufficient documentation of donors' charitable contributions for tax deductible purposes.

The museum will ensure that the crowdfunding project seeks to:

- provide donors with the appropriate acknowledgements of their charitable contributions, in accordance with IRS requirements.

- provide donors with the necessary information to facilitate compliance with tax law requirements.
- clearly informs donors whether or not their contribution entitles them to a tax-deduction, in accordance with IRS requirements.
- properly document all gifts and retain a copy of all information produced as a result of the tax deductible contribution.
- provide all donors with the proper and prompt acknowledgment for their donation.

Consider when planning a rewards-based crowdfunding campaign all donations in which the donor received good or services in return for their donation are not considered tax-deductible to the full amount of their donation.

The museum will ensure that the rewards-based crowdfunding project seeks to:

- inform donors prior to their donation that the value of all goods or services provided will be removed from the tax-deductible amount of the donation.
- include a good faith estimate of the value of the good or services on the donor's gift receipt for tax-deductible purposes.