

Arts Nonprofit Motivations in Choice or Rejection of Crowdfunding

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Multi-million-dollar Kickstarter or IndieGoGo projects like *Veronica Mars* (2014), the Pebble Watch, and the Coolest Cooler may make the news, but projects with seven-figure results are the minority on crowdfunding sites. Most projects listed on Kickstarter are squarely in the four-figure range (Kickstarter). This makes crowdfunding less like a high-stakes science grant and more like the sort of small grants that nonprofit organizations are used to applying for. This similarity in scope makes it seem that crowdfunding would be an easy fit for nonprofit organizations. The focus on artistic endeavors in many projects makes arts-related nonprofit organizations an even clearer fit for crowdfunding. Many crowdfunding platforms, including Kickstarter and IndieGoGo, allow nonprofit organizations to accept tax-deductible donations, further making a connection between the two. But what may seem like a perfect fit on paper does not always pan out in practice; research on why arts organizations choose to use or reject crowdfunding as a method or strategy is needed.

There is very little research on the perceptions and actions of crowdfunding in nonprofit organizations. This study begins to fill this gap in crowdfunding nonprofit research by reporting on a branching survey that asked North Carolina arts nonprofit professionals about the historical and current variables surrounding their organization's use or rejection of crowdfunding. Survey respondents who had done crowdfunding noted that a main motivator of use was determining that the crowdfunding platform met a need that the organization had. Respondents who had not run a crowdfunding campaign indicated that many of their organizations are rejecting the model for reasons that do not correspond to the three categories tested; however, these reasons are not complete rejections of the platform, as most respondents would consider using crowdfunding in the future. This exploratory, non-generalizable study of why nonprofit organizations choose or reject crowdfunding as a fundraising method gives scholars a baseline for further research and helps other nonprofit organizations decide whether or not crowdfunding is appropriate for their organization.

Nonprofit Marketing

Nonprofit organizations use marketing strategies similar to those of the for-profit world, but they often adopt them later in a strategy's life cycle than for-profit organizations (Kotler & Levy, 1969; Saunders, 2013). These marketing strategies include celebrity marketing (Kelly, Morgan, & Coule, 2014), cause-related marketing (Gupta & Persh, 2006), social marketing (Andreasen, 1994; Madill & Abele, 2007), and fundraising techniques (Higgins & Hodgins, 2008). The advent of the Internet brought changes to each of these fields, leading industry and nonprofits to expand or pivot their marketing strategies to fit the new markets and audiences that were available (Pinho & Macedo, 2006).

Reaching out to new audiences led to new ways for nonprofits to conduct direct marketing, particularly by soliciting donations directly from audiences via online web portals and social media (Saxton & Wang, 2014; Smith & Gerber, 1996). As online direct marketing platforms have come to prominence, nonprofits have not been far behind in capitalizing on their fundraising abilities (McAllister, 2013; Olsen

et al, 2001). Despite lagging behind in some internet-related PR and marketing strategies (Yeon, Choi, & Kisousis, 2005), nonprofits have been relatively on par with their for-profit counterparts in the implementation of new fundraising tactics.

Arnold and Tapp (2003) looked particularly at the characteristics that were correlated with direct marketing use in arts nonprofits, finding that “size, formalization and scale of marketing effort, along with the behavioral characteristic of managerial self-confidence, are significant determinants of the breadth and uniqueness of direct marketing implementation” (155). They also found that direct marketing campaigns resulted in “very specific outcomes that are aligned with customer retention” (155). These findings indicate that arts nonprofits are familiar with direct marketing campaigns, of which crowdfunding can be counted as a new type.

Crowdfunding

Crowdfunding is a fundraising activity developed in the early 2000s that leverages the networked capabilities of the Internet to make direct appeals to a distributed audience (Belleflamme, Lambert & Schwienbacher, 2014). This appeal is often written via alphanumeric text, visual images, and video (Fernandes, 2013). While the idea was primarily intended for artists at its outset, the concept has dramatically expanded its scope (Ordanini, Miceli, Pizzetti, & Parasuraman, 2011). Many of the hundreds of crowdfunding platforms are topic-agnostic, allowing for projects with as diverse ends as recording a rock album, finding capital for a start-up technology business, printing a book, securing funding for a nonprofit project, or getting supplies for a classroom (Meer, 2014). Many of these crowdfunding campaigns are making pitches of technical ideas, proposed work, or new ventures (Davidson & Poor, 2015).

Much of the literature on crowdfunding analyzes the phenomenon from a business perspective, situating crowdfunding as a venture capital mechanism (Agrawal, Catalini, & Goldfarb, 2013; Ley and Weaven, 2011). Mollick (2014) notes that “the factors that lead to successful fundraising for entrepreneurial ventures have been of great interest to scholars, usually in the context of venture capital” (p. 7); to that business-minded end, studies that aim to determine and codify characteristics of successful campaigns are common (Mitra and Gilbert, 2014; Mollick, 2014; Stiver, 2013). Mitra and Gilbert do this through corpus linguistics analysis; Stiver takes a mixed-methods qualitative approach to her study; Mollick uses statistical analysis.

Several researchers have extended this mechanics-focused research into the nonprofit world. Pitschner and Pitschner-Finn (2014) discovered through corpus analysis that nonprofits are “significantly more likely to reach their minimum funding goals” and receive more money per donor than average in a for-profit crowdfunding campaign (p. 391). However, they noted that nonprofits also average fewer funders and a lower total funding amount than for-profit campaigns. Read (2013) analyzed two corpora from Kickstarter and Fundrazr to determine what characteristics were correlated with nonprofit crowdfunding success: he found that nonprofits which signaled their nonprofit status did better than those that didn’t. He ultimately notes that crowdfunding is “primed as a unique means of attracting additional funding for nonprofits and signaling is one of the key factors that can make crowdfunding a success” (p. 17).

Instead of being narrowly focused on elements that cause success or failure in campaigns, Gerber and Hui (2013) looked at the motivations and deterrents affecting individual creators’ choice to create and contributors’ choice to support a crowdfunding campaign. They found that funders who contributed on

crowdfunding platforms wanted to seek rewards, support creators and causes, and engage and contribute to a trusting and creative community, while creators wanted to raise funds, establish relationships, receive validation, replicate the successful experience of others, and expand awareness of their work through social media (p. 5-7). On the opposite side, they found that potential creators were scared off by perceived inability to attract supporters, fear of public failure and exposure, and time and resource commitment (p. 17-20). The only reason listed for potential contributors to balk at the method was the distrust of creators' use of funds (p. 22). Even though this study did not specify whether the respondents were talking of for-profit or nonprofit crowdfunding campaigns, this study identifies that there are patterns of motivations and deterrents for both constituent groups of the crowdfunding process.

Schwienbacher and Larralde (2012) take an even closer look at "factors influencing the use of crowdfunding" from a creator's perspective, looking particularly at organizations that might create a campaign (p. 376). They came up with another list: lack of pre-existing resources, risk, moral hazard, information asymmetry, organizational form, control preferences, amount of money needed, legal issues, and crowd vetting of an idea (p. 376-380).

Schwienbacher and Larralde draw these factors from business literature, but create the list of significant factors themselves. These features are explained as benefits that crowdfunding provides over traditional funding mechanisms for small businesses or reasons that traditional fundraising mechanisms might not work for small companies. Does crowdfunding have these potential benefits for nonprofit organizations? Do nonprofits consider these factors when deciding whether to use crowdfunding as a funding mechanism? This paper will focus on nonprofit consideration of three factors: organizational form, amount of money needed, and crowd vetting of an idea.

The authors note of organizational form: "A main finding in Belleflamme et al. (2010) is that not-for-profit organizations tend to be more successful in achieving their fundraising targets compared to for-profit organizations and project-based initiatives. This suggests that the organizational form may be an important driver of the success of crowdfunding initiatives" (378). Belleflamme et al. (2010) was a study about crowdfunding. However, the study that Schwienbacher and Larralde conduct concerns for-profit ventures choosing crowdfunding, not not-for-profit ventures. This leaves open the question of whether nonprofits' organizational structure actually informs their choice or rejection of crowdfunding, or if it's just suggested.

Of the amount of money needed, the authors note that initial public offerings and venture capital firms often have high minimum amounts of investment that do not fit with the needs of small businesses. This argument can be extended to nonprofit organizations, which are often not in situations where venture capital is feasible and are disallowed from an IPO. In the nonprofit funding realm, institutions may not be able to or interested in conducting a large grant campaign. Schwienbacher and Larralde suggest this mismatch of needs with high-minimum funding sources could drive crowdfunding use in for-profit organizations. Is the amount of money needed a motivator of non-profit use of crowdfunding?

Their notes about "wisdom of crowds" discuss why entrepreneurs may want to get invested with a potential audience of crowdfunders: the support of many people on "how to run their company or to assess the economic potential of their product," dispersing risk over a large amount of small funders instead of few big ones, creation of a future potential consumer market from crowdfunders, and dissemination of information about the product by the crowdfunders (p. 380). These are all benefits that for-profit entrepreneurs may glean from reaching out to an audience. Nonprofit organizations often

have a significantly different relationship with their target audience than for-profit organizations: does a non-profit board's knowledge of what their audience can bring to the project and considerations over whether their audience will like the project enough to invest and then disseminate information about it come into play when considering crowdfunding?

In Schwienbacher and Larralde's subsequent case study, they identified responses that the people behind crowdfunding ventures need to take in response to the influencing factors: they should choose a relatively low amount of money so they don't have to take on a high number of backers, deliver something novel or innovative, accept the input of many people (backers) outside the organization, and navigate Web 2.0 environments expertly.

These concepts and responses are an important foundation for the study of crowdfunding in all environments. Schwienbacher and Larralde's (2012) motivators of action and responses to those motivators were found in a study of for-profit organizations' crowdfunding; they also do not take into account the reasons that an organization would choose to not use crowdfunding as a fundraising strategy. I propose to extend the line of questioning about motivators and deterrents into the nonprofit realm. I developed the following research questions:

RQ1: What are the motivations that cause nonprofits to choose crowdfunding as a fundraising communications strategy?

RQ2: What are the motivations that cause nonprofits to reject crowdfunding as a fundraising communications strategy?

RQ3: Are the motivations to choose or reject crowdfunding based on similar concerns?

Methods

Procedures

In a previous qualitative study of five arts nonprofits, I discovered several themes related to the use or rejection of crowdfunding. By open coding the results of semi-structured interviews with arts nonprofits professionals from a mid-sized city in North Carolina, I found that the professionals I interviewed were concerned about the crowdfunding's fit with their audience, organizational structure, and organizational needs. These concerns loosely matched with three of Schwienbacher and Larralde's (2012) motivators of action: organizational form, amount of money needed, and crowd vetting of an idea. As a result, I planned to investigate these three characteristics as potential motivations and deterrents. I conducted a survey of North Carolina arts nonprofits, as this study is focused on North Carolina as a particular site of nonprofit activity. Surrounding states may have different rules, regulations, and climate around nonprofit activity, and thus are excluded from the survey. Further research based on this sample may include a regional or national population.

To select organizations for this study, I used Guidestar's listings to create a list of nonprofit organizations based in North Carolina that self-selected into one of 17 arts-related categories on their IRS forms. The list included organizations that fell in the categories of music, dance, theater, photography, visual art (2-D and 3-D), film, art museums, arts education organizations, general arts organizations, and crafts organizations. I was interested in a broad sample of genres to better determine if there were generalizable findings over the whole arts nonprofit realm.

The list was provided in a proprietary order that was replicable across several visits to the Guidestar site. I looked through the listings to find entries that had provided e-mail addresses and/or websites. If an e-mail address was listed, I used it as my contact for the organization. If a website was listed, I visited the website and looked for an e-mail that corresponded to the person in charge of fundraising. If no person could be found that fit that description, I used the e-mail of the highest-ranking person in the organization, or the only e-mail provided. If no website was provided, I did a web search on the organization's name, attempting to find the organization's website, then repeated the previous process. I found 298 e-mail addresses this way.

I approached each of the 298 nonprofits with an IRB-approved e-mail. I was able to contact 264 of these organizations on the first try. After attempting to find a secondary e-mail for the 34 bounces, I succeeded in contacting 17 of the 34 on the second try, bringing the total delivered surveys to 281. I collected data in a two-week window from April 1 to April 15, 2015.

If the participant chose to participate in the research, he or she clicked on the link in the recruitment e-mail that led to the Google Form where the whole survey was hosted. After giving their online consent, the respondents were served a branching survey containing a mix of multiple choice and short answer, open-ended questions. The branches consisted of yes or no branches at "Have you heard of crowdfunding?", "Did you know that nonprofit organizations could do crowdfunding?" and "Has your organization run a crowdfunding campaign before?" A response of "yes" on the first two questions led to more questions; a response of "no" led to the end of the survey. On the third question, both yes and no led to a set of questions that asked about the motivations involved in the decision to use or reject crowdfunding. See the Appendix A for the full questionnaire.

Only the three questions that led to a new branch were mandatory; all others, including a demographic section at the end of the beginning of the data collection, were optional. Four variables from that demographic questionnaire are reported here: "What artform does your organization focus on?", "How long has your organization existed?", "What is your annual operating budget, excluding salary, benefits & other personnel costs?", and "What fundraising strategy brings in the most funds right now?"

Participants

At the end of the two-week response period, 50 nonprofit organizations had responded to the survey, for a response rate of 17.79%. This study included no incentives and was primarily reaching out to organizations that had not been contacted by this researcher before, which could be a motivator of low response. Of the 50 organizations that responded, 84% ($n = 42$) indicated that they knew what crowdfunding was and 16% ($n = 8$) did not know what crowdfunding was. Of the 42 that knew what crowdfunding was, 95.2% ($n = 40$) knew that nonprofit organizations could conduct crowdfunding projects and 4.8% ($n = 2$) did not know that nonprofits were eligible to run crowdfunding campaigns. This meant that 80% of respondents ($n = 40$) had enough knowledge about crowdfunding to be able to run a campaign, while 20% ($n = 10$) did not have enough knowledge. This latter 20% did not progress on through the branching survey, and thus are not included in the following analysis. This left a sample size of $n=40$ for the following analysis.

Data Analysis

The demographic variables noted figures 1-4 were tested against the various responses from the three research questions to determine any statistically significant relationships using Chi Square analysis. No significant relationships were found, due to the branching nature of the survey. No Chi Square analysis was done on the research questions themselves.

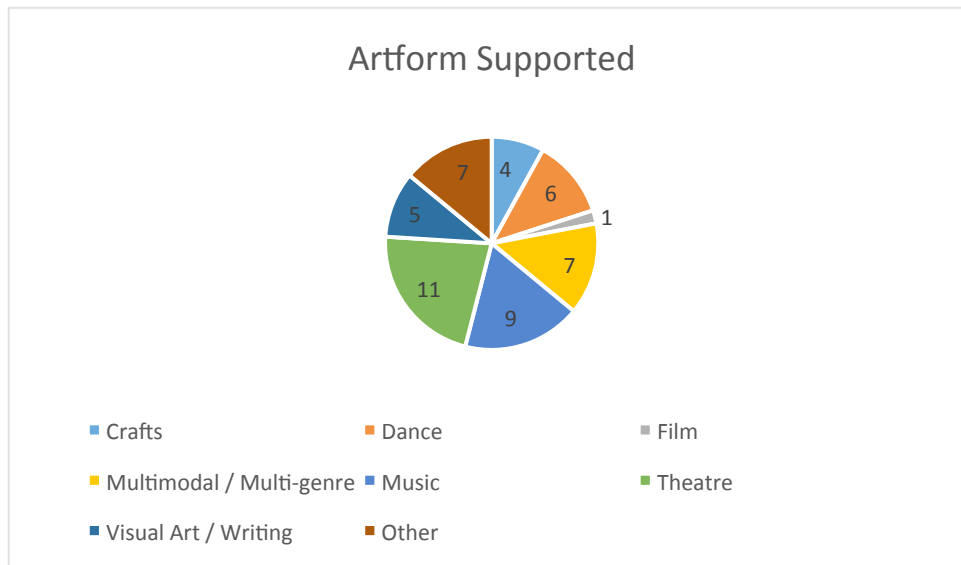


Figure 1. Respondents self-identified their organization's predominant field of interest.

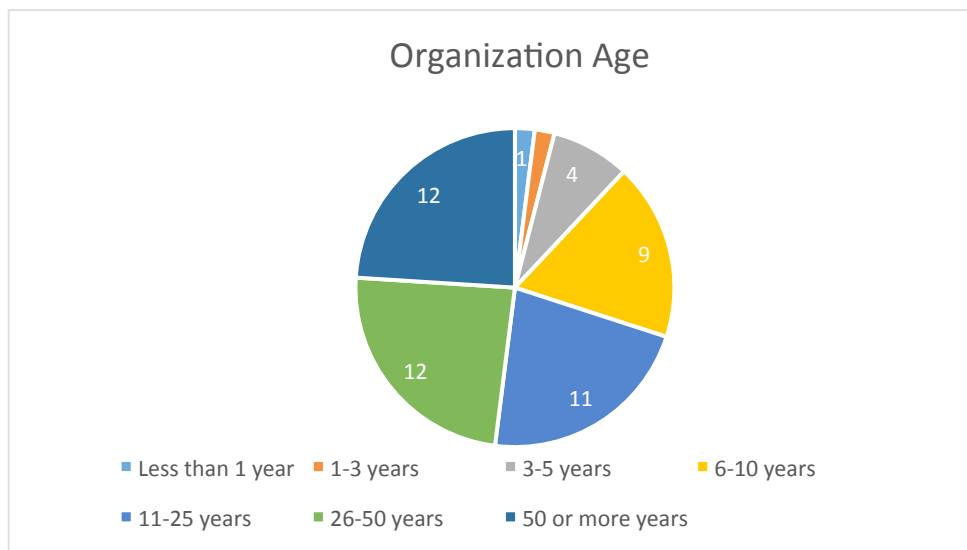


Figure 2. Respondents noted the number of years their organization has been operating.

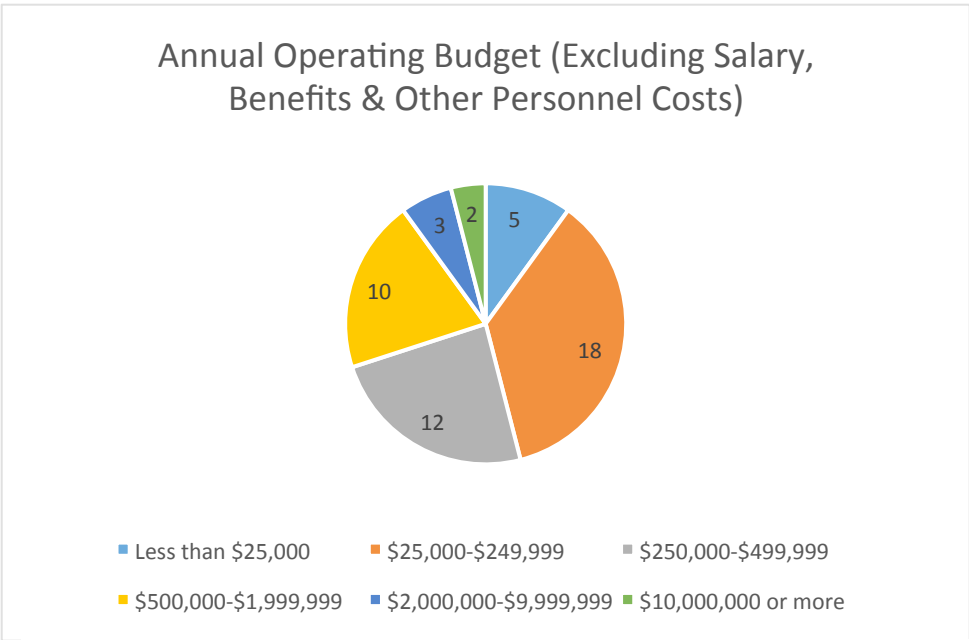


Figure 3. Respondents reported the annual budget of their organizations, excluding salary, benefits, and other personnel costs.



Figure 4. Respondents recorded the fundraising strategy that was most lucrative at the time of the survey.

Table 1.

Organizations that chose crowdfunding as a fundraising strategy found that the platform fit their needs

Responses to “Why Did You Choose Crowdfunding?”		
	N	Percent
Needs	8	38.1%
Audience and Needs	1	4.8%
Audience, Needs, Organization	5	23.8%
Other	7	33.3%
Total	21	100.0%

Results

Q1: What are the motivations that cause nonprofits to choose crowdfunding as a fundraising communications strategy?

To begin to answer this question, I asked the 21 survey respondents who stated that their organization had run a crowdfunding campaign this question: “Why did your organization choose to do a crowdfunding campaign? (Check all that apply.)” The participants were allowed to choose any combination of the responses that they felt fit, including all four of them. The options were:

- We thought it would appeal to our audience (Audience)
- The crowdfunding platform met a need we had (Needs)
- Our organization is set up so that crowdfunding makes sense (Organization)
- Other, please explain (Other)

The largest number of respondents said that their organization chose crowdfunding because the platform met a need that they had. This fit with Schwienbacher and Larralde’s (2012) “amount of money needed” category. “Needs” was the only response that people chose on its own, apart from another concern. This may mean that the crowdfunding platform’s fit with the organization’s needs is a primary concern when organizations choose crowdfunding.

Needs also appeared in six more answers; solo or in tandem, the fit of the platform to the organization’s needs was a consideration of every organization that didn’t select only “other” (n=14). According to these respondents, the fit of the platform to the needs of the organization is a deeply important consideration when deciding on crowdfunding as a fundraising method. Audience fit was important to six of the respondents, and organizational needs to five, but these concerns occurred in conjunction with one or two other variables.

Respondents chose “other” with unexpected frequency, citing a variety of reasons: two respondents mentioned wanting to expand their donor base, two mentioned other organizations’ influence on their decision making, and one simply wanted to “try it out.” A full list of “other” responses is in Appendix B.

When asked if their organizations would consider doing a crowdfunding campaign again, the responses clumped at the extremes: of all 21 respondents who had run a campaign, 9 reported that their organization was open to it but had no immediate plans, while 7 reported a timetable of “Yes, as soon as possible/we are doing one right now.” Of the 14 respondents who marked that the platform was a fit

for them, 42% ($n = 6$) reported that “Yes, as soon as possible/we are doing one right now,” while 29% ($n = 4$) reported that they were open to it but had no plans at the time.

Q2: What are the motivations that cause nonprofits to reject crowdfunding as a fundraising communications strategy?

To begin to answer this question, I asked the 17 survey respondents who stated that their organization had run a crowdfunding campaign this question: “Why did your organization choose to do a crowdfunding campaign? (Check all that apply.)” The options were:

- Our audience would not respond well
- The crowdfunding platforms do not meet our needs
- Our organization is not in a place where we can do crowdfunding
- Other, please explain

In contrast to research question one—where the provided answers were used by 14 of 21 respondents — 10 of 17 respondents in research question two rejected the provided answers as not accurately descriptive and wrote in their own answers under “other” (See Table 2). “Other” was over three times as popular as the next most popular response, and contained a higher percentage of the overall answers than the rest of the answers combined. Thus, it is not clear what conditions caused organizations to reject crowdfunding as a fundraising option, because the majority of the answers did not fall in the research categories.

In the written responses accompanying the selection of “other,” respondents hadn’t “explored” it enough (two responses used this word), “gotten around to it,” or found it to be too much work. Two respondents said that they hadn’t found a “need” or “the right opportunity,” which seems to constitute a misunderstanding of the “need” option on the questionnaire. A full list of “other” responses is in Appendix B.

Some trends included 63% ($n = 12$) of the respondents reporting that they were open to running a crowdfunding campaign in the future. In another trend that could be investigated more, 42% ($n = 8$) of organizations that have not run a crowdfunding campaign reported a \$25,000-\$249,999 budget. Of the 10 respondents who marked “other,” five (50%) fell in the \$25,000-\$249,000 budget category. This could mean that organizations that are just emerging from their start-up state have very specific concerns that make crowdfunding a poor fit for their situation. The only budget category where more organizations marked a specific concern more often than “other” was in the \$500,000-\$1,999,999 category: three of four groups in this range (75%) found that the given suggestions were a good explanatory fit for their qualms with crowdfunding.

When asked if their organizations would someday consider crowdfunding, however, none of the ten respondents marked that they would not consider crowdfunding. Five (50%) said they were open to it but did not have any plans, while the other five had plans to run a campaign ranging from immediately (1 respondent), within the next six months (1 respondent), or within the next two years (3 respondents).

Table 2.

Participants whose organizations had not chosen crowdfunding provided a variety of reasons that didn't fall into the grounded theory categories

Responses to "Why Didn't You Choose Crowdfunding?"		
	N	Percent
Audience	1	5.9%
Needs	3	17.6%
Organization	2	11.8%
Audience and Needs	1	5.9%
Other	10	58.8%
Total	17	100.0%

Respondents to this question had specific concerns that did not align with the categories provided for them in the survey. This makes it difficult to assign any trend to the data provided in this section. While no clear answer can be claimed or even hinted at in reference to the research question, some trends for future research did appear. Respondents who reported a \$25,000-\$249,000 budget were a high percentage of the overall "no" population, and respondents in that budget range group also marked "other" frequently. This budget range is worth investigating more in relationship to their potentially specific needs.

Q3: Are the motivations to choose or reject crowdfunding based on similar concerns?

To answer a third research question, I combined the two sets of data to see if any trends could be determined based on the overall set (See Table 4). Since the two sets of statements were designed to understand the effect that the three same variables had on those who had and had not run a campaign, I hoped to find whether any particular motivation was significant across the whole sample. Thus, the answers that correspond to Table 3 include both the positive and negative versions of the statements that correspond to the three tested variables.

- Audience: Our audience would not respond well / We thought it would appeal to our audience
- Needs: The crowdfunding platforms do not meet our needs / The crowdfunding platform met a need we had
- Organization: Our organization is set up so that crowdfunding makes sense / Our organization is not in a place where we can do crowdfunding
- Other: Other, please explain / Other, please explain

This was not the case, as no statistically significant relationships were discovered upon this analysis. Despite the lack of statistically significant relationships, some trends appeared. When looking at variables that were chosen, 47% ($n = 18$) of respondents chose needs concerns on its own or in conjunction with another concern as a consideration on crowdfunding (see Table 3); 29% ($n = 11$) chose needs concerns on its own, the highest out of any individual tested variable. "Other" was a concern of 44% ($n = 17$) of respondents. The other variables showed less common selection by respondents.

Table 3.

This table combines the responses of respondents who had and had not conducted a crowdfunding campaign with the intent of seeing if both groups reported the similar underlying reasons for selecting and rejecting crowdfunding

Responses to “Did” and “Didn’t” Combined		
	N	Percent
Audience	1	2.6%
Needs	11	28.9%
Organization	2	5.3%
Audience and Needs	2	5.3%
Audience, Needs, Organization	5	13.2%
Other	17	44.7%
Total	38	100.0%

Discussion

This exploratory study set out to test three of Schwenbacher and Larralde’s (2012) variables related to organizations’ choice of crowdfunding and extend that test to the causes of rejection of crowdfunding. The results showed one of the variables (the platform’s ability to fit an organizational need) reported much more than concerns about the audience’s fit and the organizational structure. Further research should be done to see if this is indicative of a difference between for-profit and nonprofit ventures’ decision-making process when it comes to fundraising.

In Question 1, respondents in this sample felt that the platform’s ability to meet the needs of the organization was the most important of the three tested variables when it came to choosing the platform. This variable was more important to organizations than their audience’s response and any potential hurdles within their organization. This suggests that finding a use-case or specific project for crowdfunding is an important step in the process of choosing it as a funding strategy.

One interesting trend concerned age of the nonprofits that the respondents represented. Four of the fourteen respondents who felt that the platform was a fit for their needs indicated that their organization was 50 years old or older. Five of the fourteen organizations noted that their age was between 11 and 25 years. As crowdfunding is a relatively new method, it is interesting to note that organizations in the oldest age categories found that it fits their needs.

Respondents whose organizations had done a crowdfunding campaign showed a few interesting trends: the fit of the platform to the organization’s needs was an important factor in these organizations’ decisions to choose crowdfunding, while the fit of the audience with crowdfunding was a secondary concern. Other trends to pursue in further research relate to the age of the organization and their timeline for running another campaign. Older arts organizations, often stereotyped as slow to adopt change, may not be as reticent as they seem; the planning phase of these organizations’ campaigns may not be planned as far in advance as some other structured fundraising campaigns. Further research could hone in on these areas.

No clear answers could be deduced from Question 2, as the respondents rejected the provided categories in favor of writing in their own reasons for rejecting crowdfunding as a viable fundraising

source. This is interesting in contrast to question two: organizations that chose crowdfunding were more likely to find that the categories were an explanatory fit for their situation, while organizations that did not choose crowdfunding felt that the provided options were not a sufficient explanatory fit. This may mean that the reasons for rejecting crowdfunding are more specific and idiosyncratic than motivations for choosing crowdfunding, or that Schwienbacher and Larralde's (2012) for-profit organizational motivators to crowdfund do not hold as reasons to not crowdfund. Further research may investigate whether these "other" responses fit with Gerber and Hui's (2013) findings of why individual creators chose to not use crowdfunding as a fundraising mechanism, or Schwienbacher and Larralde's (2012) other variables correspond with the "other" responses. This phenomenon could also be an instrument failure: it may be easier to list specific concerns that stopped use rather than quote specific praises that fell outside the provided options.

Even though these respondents marked that their organizations had not conducted crowdfunding campaigns, many respondents noted that they were open to doing crowdfunding in the future. This may mean that not having conducted a crowdfunding campaign does not constitute rejection of the fundraising strategy.

Few new trends were discovered in Question Three. The interest in platform fit as a concern continued, but the largest single percentage of response went to "other." This finding further points to a need to repeat this study while testing other potential motivations and deterrents: Gerber and Hui's (2013), Schwienbacher and Larralde's (2012), or grounded theory variables developed from further qualitative work.

Demographic variables didn't show statistical significance across the board, due to the small sample size and the use of a branching survey that further reduced the number of respondents in each question. However, budget size showed as a trend in several places. Further research could be done that looks for trends in traits of arts nonprofits based on their budget size. The length in years of organizational duration also could be a variable worth pursuing in relation to trends. Few interesting trends were found from the variable of art form supported and the type of fundraising that the organization leaned most on.

A final interesting trend came from the lack of crowdfunding rejection. Only one organization in either side of the branching survey commented that they would not consider crowdfunding as a fundraising option in the future. To this end, the research questions may need to be reframed from including "rejection" language into using "not yet conducted" language. It is unclear what effect this change would have on future data, but it would be a change that fits with the explanations that the respondents gave.

Limitations

This is an exploratory, small-scale study, resulting in non-generalizable results. There may have been some selection bias in the sample; although 20% of the survey population had little or no knowledge about crowdfunding, it is possible that some of the 231 recipients who did not respond may have rejected the invitation to participate due to lack of knowledge about crowdfunding.

The method of identifying participants may have led to some difficulty. An effort was made to e-mail the person in charge of fundraising; in the absence of a clear identifier of who this person was, the highest-ranking person in the organization with a direct e-mail was contacted. Some organizations provided a

single generic e-mail address, making both of these approaches not viable. This means that in many cases, it is uncertain what role in the non-profit the respondent played. Without a clear understanding of who is responding to the survey, the results may represent those of individuals who are not directly in charge of finance or tasked with managing the non-profit. This could be improved in the future by only contacting organizations that list a dedicated e-mail address for their financial coordinator or those in upper leadership. Reaching out to those two groups individually could return different results, which is another valuable area of future research.

The sample size of 50 organizations was small, and the branching questions made the respondent numbers to each question even smaller. This is common in mail-out, first-contact survey designs. Thus, no statistically significant trends were found between the survey answers and demographic variables in Chi Square analysis. This survey could be run on a regional or national scale to reach a larger population and try for statistical significance; it could also be run as separate studies, isolating those groups that have run a campaign before and those that have not, so as to have more possibility for statistical clarity.

Conclusions

The reasons that arts nonprofits consider in relation to choosing or not choosing crowdfunding as a fundraising mechanism are complex. While one variable—the fit or lack thereof of the platform to an organization’s needs—trends toward importance with arts nonprofit organizations, the large number of “other” responses points to specific reasons for adopting or not adopting crowdfunding that fell outside the three variables tested. In particular, those who have not yet chosen crowdfunding as a fundraising option reported a large number of reasons for not doing so that were not covered by the Schwienbacher and Larralde (2012) categories tested here. Those who had run a crowdfunding campaign were more likely to select the categories provided as having sufficient explanatory power to describe their motivations, but the whole set of responses showed that “other” was the most common result type across both branches (and second-most common if the solo and in-conjunction instances of platform were counted).

These results suggest that the wholesale adoption of Schwienbacher and Larralde’s (2012) for-profit motivations to crowdfund by nonprofits may be premature; inverting the motivations to understand why organizations do not choose crowdfunding may not be sufficiently explanatory either. More work should be done testing their other positive variables and Gerber and Hui’s (2013) deterrents to find out whether the current research fits with arts nonprofits, or if this sector has its own distinctive decision-making reasoning in relation to crowdfunding.

However, the fit of the platform to organizational needs was identified as one element that arts nonprofits consider as they decide to use crowdfunding. This factor, identified by Schwienbacher and Larralde (2012), provides enough reinforcement for their findings that other variables of their model should be tested in relation to arts nonprofits. There is a clear need for larger research studies in this area, as the current small-scale findings do not show a tight consonance with previous established research on the topic. As arts nonprofits seek to stay on the cutting edge of fundraising practices, information on when to choose and when to reject crowdfunding is important. More inquiry into this area will provide that information not only for nonprofit professionals and business writing researchers.

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Appendix A: Survey Tool

Organization Demographics

Eight questions about your organization

1. What art form does your organization focus on?
 - i. Dance
 - ii. Film
 - iii. Multimodal / multi-genre
 - iv. Music
 - v. Theater
 - vi. Visual Art
 - vii. Other, please explain
2. How many years has your organization existed?
 - i. Less than one year
 - ii. 1-3 years
 - iii. 3-5 years
 - iv. 6-10 years
 - v. 11-25 years
 - vi. 26-50 years
 - vii. 50 or more years
3. What is your annual operating budget, excluding salary, benefits & other personnel costs?
 - i. Less than \$25,000
 - ii. \$25,000-\$249,999
 - iii. \$250,000-\$499,999
 - iv. \$500,000-\$1,999,999
 - v. \$2,000,000-\$9,999,999
 - vi. \$10,000,000 or more
4. What is your target age demographic? (Check all that apply.)
 - i. 0-12
 - ii. 13-17
 - iii. 18-25
 - iv. 26-34
 - v. 35-49
 - vi. 50-64
 - vii. 65+
 - viii. Other, please explain
5. How do you serve your main population? (Check all that apply.)
 - i. Arts Performances

- ii. Education
- iii. Advocacy
- iv. Grantmaking/direct support
- v. Networking/community-building
- vi. Other, please explain

6. What are your fundraising strategies right now? (Check all that apply.)

- i. Board member giving
- ii. Corporate contributions
- iii. Direct response appeals
- iv. Foundation grants/proposals
- v. Government funds
- vi. Major gifts
- vii. Online/Internet giving
- viii. Payroll giving
- ix. Planned giving
- x. Special events
- xi. Telephone appeals
- xii. Other, please explain

7. What fundraising strategy brings in the most funds right now (choose one)?

- i. Board member giving
- ii. Corporate contributions
- iii. Direct response appeals
- iv. Foundation grants/proposals
- v. Government funds
- vi. Major gifts
- vii. Online/Internet giving
- viii. Payroll giving
- ix. Planned giving
- x. Special events
- xi. Telephone appeals
- xii. Other, please explain

8. When was the last time you implemented a new fundraising strategy?

- i. Within the last three months
- ii. Within the last six months
- iii. Within the last year
- iv. Within the last three years
- v. Within the last five years
- vi. More than five years ago
- vii. We've never changed our fundraising strategies
- viii. Other, please explain
- ix.

Crowdfunding

9. Have you heard of crowdfunding? Y / N
 - a. (If no, proceed to end of survey)
 - b. (If yes, proceed with questions)
10. Did you know that non-profit organizations can do crowdfunding? (Y / N)
 - a. (If no, proceed to end of survey)
 - b. (If yes, proceed with questions)
11. Has your organization ever run a crowdfunding campaign?
 - a. (If no, proceed to question 12)
 - b. (If yes, proceed to question 16)
12. Why has your organization not run a campaign? (Check all that apply.)
 - a. Our audience would not respond well
 - b. The crowdfunding platforms do not meet our needs
 - c. Our organization is not in a place where we can do crowdfunding
 - d. Other, please explain
13. Please briefly explain the circumstances behind your answer to question 12 (Why has your organization not run a campaign?).
14. Do you feel that your organization will someday run a crowdfunding campaign?
 - a. Yes, as soon as possible.
 - b. Yes, in less than six months.
 - c. Yes, sometime in the next two years.
 - d. We are open to it but have no immediate plans.
 - e. No, we would not consider doing a crowdfunding campaign.
15. Please briefly explain the circumstances behind your answer to question 14 (Do you feel that your organization will someday run a crowdfunding campaign?). (Skip to question 20)
16. Why did your organization choose to do a crowdfunding campaign? (Check all that apply.)
 - a. We thought it would appeal to our audience
 - b. The crowdfunding platform met a need we had
 - c. Our organization is set up so that crowdfunding makes sense
 - d. Other, please explain
17. Please briefly explain the circumstances behind your answer to question 16 (Why did your organization choose to do a crowdfunding campaign?).
18. Do you feel that your organization will someday run a crowdfunding campaign again?
 - a. Yes, as soon as possible / we are doing one right now.

- b. Yes, in less than six months.
- c. Yes, sometime in the next two years.
- d. We are open to it but have no immediate plans.
- e. No, we would not consider doing another crowdfunding campaign.

19. Please briefly explain the circumstances behind your answer to question 18 (Do you feel that your organization will someday run a crowdfunding campaign again?).

20. Are there any other thoughts that you have which relate to why your organization would or would not choose crowdfunding as a fundraising method?

Appendix B: “Other” Responses

Write-in responses to “Other” on Q1 (Why Did You Choose Crowdfunding?):

- No access to grants at the time
- a donor match was in place to incrementally increase the gifts made through the site
- Wanted to try a new method of reaching people
- To broaden our donor base
- try it out
- initiative thru NCAC
- Power to Give financial incentive

Write-in responses to “Other” on Q2 (Why Didn’t You Choose Crowdfunding?):

- Just haven't explored it
- haven't explored
- Not familiar enough with how to implement it
- I think we just haven't found the right opportunity yet.
- More work less benefit
- in process of doing so
- not gotten around to doing it
- Lack of manpower
- Don't have the expertise
- Haven't found best fundraising need match with which crowdfunding works best

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