
Crowd Funding for the Campaigns of NGOs – An Empirical Study

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ABSTRACT

Crowd funding, the collection of finances from contributors, usually online, to fund an initiative can be a powerful tool across the social sector. Organizations have used it to fight malaria in Africa, build a sloth sanctuary in Costa Rica, and open schools in Afghanistan. Crowd funding enables nonprofits to leverage support from a wide variety of stakeholders, including beneficiaries, donors, board members and staff; it also provides space for testing what motivates different groups to give. In addition, it creates an opportunity to communicate with donors directly and describe the positive impact of their support. Increasingly, we've also seen nonprofits use successful campaigns as proof of demand when pitching foundations and philanthropists for larger donations. Used strategically, crowd funding helps nonprofits build meaningful engagement, inform their work, spread their messages and expand their donor base to increase their overall funding and impact.

Running a campaign is difficult and time intensive. Doing it well requires buy-in from the full organization if it is going to generate the momentum it needs for success. Nonprofits should only run campaigns that both forward the organization's goals and get significant organizational buy-in before launch. Since donors are more likely to give to projects that look successful, it's also helpful to build in early wins for your campaign. That means securing early support for your campaign from existing donors by various methods. Existing donors can do more than participate in early, direct funding of a campaign. Crowd funding amplifies the value of your current donors' diligence and uses their connections to mobilize a larger crowd of support. Donations by existing donors serve as proof points of an organization's value, helping to more quickly recruit new contributors from those who trust one's donors' decisions. While all campaigns and donors are unique, people generally contribute to campaigns for four main reasons participation, people, purpose, and perk. This is an empirical paper that seeks to prioritize the reasons according to the most attractive, moderately attractive and the least attractive ones for donors to contribute. Further it also attempts to put these factors in a matrix for effective decision making.

Key Words: *Crowd funding, Campaigns, Decision making, Donors, Donor Decision Matrix*

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