

**EXPERIENCES ON FUNDING INDEPENDENT RECORD
PRODUCTION THROUGH CROWDFUNDING**

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1. INTRODUCTION

1.1 Background of the study

Changes and general uncertainty in cultural funding have encouraged artists and cultural organizations to find new methods alongside of traditional sources of funding. In North America the idea of fundraising from private persons and organizations has been commonplace practice due to historical reasons and lower level of public funding. In Europe and Finland, the pressure to shift towards private funders has been increasing due to financial stagnation leading to changes in public sector subsidies. Following the economic crisis, private enterprises are also more careful with their sponsorship money, and although sponsorship statistics are showing small signs of improvement (Mainostajien liitto, 2015) the heads are turning towards private persons as funders of culture.

Crowdfunding is a fundraising method, deriving from the same development as open source and crowdsourcing. These innovations are shifting the product and service creation from companies to larger masses of individual consumers, whereas crowdfunding transfers the risk of investment from a closed group of investors to a large crowd. Crowdfunding is a collective effort of individuals making a financial contribution towards a development of a product, often a creative endeavour. (Ordanini, Miceli, Pizzetti & Parasuraman, 2009, p. 3)

Crowdfunding has become a serious option for funding in the cultural field. In music business particularly small artists are cherishing the opportunity to gather funding directly from the fans. Crowdfunding is an alternative for artists who are unable to acquire a recording deal from a label or are struggling to obtain grants or other funding.

Crowdfunding is a popular funding source particularly in music, due to recent developments in the music industry. The recording business has endured dramatic changes during the last two decades:

- The record sales numbers have declined.
- The distribution logic has changed. In addition to physical records, there are digital sales and music streaming services.
- The amount and availability of music is higher than ever.
- The revenue streams have become smaller in size, but greater in multitude.

(Hirschhorn, 2015; Resnikoff, 2014)

The competition for attention among the artists is massive and only few make it through the tightened filter of the record labels (Resnikoff, 2014). As profitability is more difficult to achieve, companies prefer to invest in already established artists instead of nurturing future potential. However, technological development provides new opportunities for artists, because the record labels are no longer necessarily the gatekeepers to publishing music (Borg, 2008, p. 165). Music recording technology has become more affordable and the Internet provides multiple channels to distribute music with a low cost.

In the traditional record production process, a record label invests the money needed for the project in advance. The label then recovers the investment from the album sales or from other income, depending on the agreement. The record label absorbs the risk, because there are no guarantees whether the album will sell enough to return the investment and create profit. (Passman, 2012, p. 88-102)

Because of a weak negotiation position and difficulty to earn attention from record labels, many artists turn to independent record production. The emergence of crowdfunding allows the artists to seek funding directly from their fans in advance. With crowdfunding, the risk for the investment is significantly lower, because the demand is tested in advance. Simply put, a record can be produced only if a certain amount of money is collected from the fans in advance.

Through social media artists also have the possibility to have a direct contact to their audience, diminishing the importance of traditional music media. The Internet allows distributing music easily and cheaply, as many services allow an inexpensive way to get songs published on major music services such as iTunes or Spotify. Hence, having a record label is no longer necessary for an artist to publish their music. As for live performances, small actors have a direct medium to reach their audience through social media, making it easier to promote their events and projects. However, some investments are still needed to produce and publish music efficiently. (Passman, 2012, p. 68-71)

Future of Music Coalition (n.d.) lists 45 different revenue streams for musicians. Aside from the recording and publishing business, artists can receive money from live performances, merchandise, sponsorships and grants, but since the competition for these scarce sources of money is high, alternative methods have appeared. Crowdfunding is an increasingly popular method of funding projects, inventions and research, with \$2,8 billions of funds raised worldwide in 2012 through different crowdfunding platforms (Massolution, 2013). The scope and range of crowdfunding projects and methods is also becoming more varied, with new innovative types of crowdfunding appearing constantly.

The trend of crowdsourcing and crowdfunding are still fairly new and are made possible by the emergence of social media (Best & Neiss, 2014, 10). However, also social media evolves and new platforms and services appear and fall out of favor continuously. Similarly, crowdfunding is evolving and new applications and methods are developed all the time.

1.2 Problem formulation

As already stated earlier, record labels are not able to produce as many records as they used to, and the number of artists and bands competing for those limited chances is harder than ever. Sending a demo recording to a record label rarely results in a recording deal, and increasingly artists choose to produce their albums themselves. Initial funding is needed to cover the costs of recording, and crowdfunding is often a feasible option.

However, the statistics reveal that globally only 50% of the reward-based crowdfunding campaigns are successful (Massolution, 2013). There is still a fair chance of failure. According to Pauliina Seppälä, the co-founder of the Finnish crowdfunding platform Mesenaatti.me, the reason for failure is most likely the lack of marketing (personal communication, August 26, 2015). Possibly, the campaign creator did not have sufficient knowledge on crowdfunding or did not possess the skills that a successful campaign requires. Therefore, identifying the essential issues of conducting a crowdfunding campaign is an important area for research, to allow independent artists a better understanding about the subject.

There is little research about the usage of crowdfunding in the Finnish context. Since there is an increasing need for creative solutions for cultural funding, the subject is highly relevant not only for musicians, but for many other actors in the cultural field. From an arts management perspective, crowdfunding provides a new way of financing arts projects without a large initial investment. However, due to newness of crowdfunding, theories or practices have not yet been properly established and documented. Therefore, it is important to explore this new field and to collect more information for the arts managers to be able to include crowdfunding into their management toolkit.

1.3 Aim of the study

The aim of this study is to explore the crowdfunding process from the perspective of the campaign creator. The study focuses on campaigns of Finnish independent artists, who are using crowdfunding to produce a record. The study analyzes the experiences of the campaign owner over the whole campaign process, including the preparation for the campaign, the active campaigning phase, the campaign results and the possible long-term effects after the project.

The problem is especially attended from the viewpoint of a musician, to provide information about crowdfunding for artists, bands and managers. The focus is strongly on independent recording, but the information might be useful for record labels or other cultural organizations as well. Also other crowdfunders from other fields than music may find this research relevant in their field.

The research question is:

- What kind of experiences did the campaign creators encounter before, during and after a crowdfunding campaign?

Currently, there is a sense of ambiguity about crowdfunding due to the novelty of the fundraising method. The experiences were analyzed to develop an understanding about fundraising as an independent artist. The study results will facilitate future crowdfunding campaign creators, by providing insight on the crowdfunding campaign process and independent record production. The results can be used to develop a better understanding on crowdfunding practices and to allow better preparation.

1.4 Research Approach

The research is a qualitative multiple case study. The cases selected for closer examination were the crowdfunding campaigns of Juha Pekka Tapani Heikkinen ja niin edelleen, Tomi Salesvuo East Funk Attack and Kuunkuiskaajat.

The cases were chosen based on the following criteria:

1. Success in collecting their minimum target amount of funds on the Finnish crowdfunding platform Mesenaatti.me;
2. A Finnish band/artist who had organized a crowdfunding campaign to produce a record;
3. A slightly different starting point for every selected case compared to the others, allowing a wider perspective on the subject;
4. The crowdfunding campaign had to have been conducted 1-2 years ago, to be able to examine events following the campaign.

The criteria were established to allow meaningful comparability between the cases. The criteria represent the common nominators between the cases, but each of the three cases also differs from the others. A common factor for all of these artists was that they could not find a record company to release the album for them, so they decided to gather the necessary funding themselves and to release the record independently.

The methods for data collection were semi-structured personal interviews, with the exception of Kuunkuiskaajat, where both of the members of the duo were interviewed simultaneously. The data collection phase was followed by analysis of the data, including transcription of the interviews and analysis to find common and differing experiences between the cases. The data was also compared to previous research data and literature, to identify characteristic features for Finnish crowdfunding.

The theoretical base includes books, studies and online sources and news sources in the field of crowdfunding and fundraising. In addition, an expert interview was conducted to support the literature.

1.5 Structure of the thesis

The thesis consists of seven chapters.

Following this introductory chapter, the second chapter describes the theoretical framework. It includes background information and studies on fundraising and crowdfunding.

The third chapter introduces the case study research method, describes the data collected for the study, and presents critical reflections on the study.

Chapter four describes the three cases in depth, while in the fifth chapter the results are analysed and the cases are compared to each other.

The sixth chapter presents the conclusions based on the analysis, and describes findings in relation to previous studies. This is followed by the discussion section and suggestions for future research in chapter seven.

2. THEORETICAL FRAMEWORK

This chapter introduces the theoretical framework related to the study. In addition to crowdfunding studies and literature, the cases were also analysed through theories of fundraising and philanthropy, since crowdfunding on its own is a new field with less established theories and practices. Familiarizing with general fundraising theory helps in positioning crowdfunding in the fundraising sphere. The theoretical framework describes the historical, cultural and legal context of crowdfunding globally, and more specifically in Finland.

2.1 Fundraising

2.1.1 *Fundraising and philanthropy*

According to Worth (2012, p. 269) *fundraising* is an “activity undertaken with the goal of eliciting charitable or philanthropic giving”. In other words, it refers to the act of collecting funds under a philanthropic context. Katz defines the meaning of the word *philanthropy* as “systematic eradication of social ills” in contrast to *charity*, which refers to merely attending to the consequences of social problems (Katz, 2006, p. 1301).

Generally, the fundraising practise goes back a long way in history. It appears especially in a religious context, having been mentioned in various old religious writings. Early fundraising has been conducted was based on one-on-one personal contact, but solicitation by mail has existed as early as in the medieval times. The development of printing techniques and mass media in the 20th century extended fundraising methods and allowed reaching larger audiences. The range of fundraising methods has increased even further due to modern information technology, and peculiarly it has especially improved the possibilities of “one-to-one” fundraising methods. (Sargeant & Jay, 2014, p. 1-15)

Cultural issues are crucial for fundraising possibilities and attitudes towards philanthropy and individual responsibilities differ drastically in different cultures. A prime example of a philanthropic culture is the United States, where

philanthropy has had a significant role in the development of the country. Throughout American history, philanthropy was encouraged and considered as a duty for the better-off to share their wealth. The legal environment and the cultural policy has developed favourably for philanthropy and fundraising in North America. In early stages, there was little attention to art and culture in American philanthropy, but during the 20th century cultural philanthropy increased from foundations, followed by corporations. An important aspect of North American philanthropy is the tax incentive for the donor, which emerged already in the 19th century, and slowly spread into state legislation throughout the country. (Katz, 2006, p. 1301-1309)

In Finland, philanthropic culture is different due to political reasons. The public sector has a larger responsibility in organizing services such as health care and education with public money from the tax income. Also culture is heavily subsidised with public money, and also smaller actors in the cultural field rely heavily on public grants. The cultural sector is still inexperienced in fundraising, as fundraising in Finland has traditionally been practised for social causes, such as large international organizations such as Red Cross, WWF or Amnesty International.

Due to the economic stagnation, the public funding in Finland has decreased, resulting in fundraising projects for causes, which used to be financed by public money. The foundation for the children's hospital in Helsinki raised €36,5 millions (Uusi lastensairaala 2017, 2015) and the government has promised financial incentives for universities to increase their individual fundraising (Valtioneuvosto, 2014). Also some cultural institutions, such as the Finnish National Opera (FNO), are suffering from the stagnation and are developing their fundraising programmes. The FNO recently hired a dedicated fundraising person, seemingly the first one in a cultural institution in Finland (Kauppalehti, 2016).

2.1.2 Fundraising practice

Strategy, planning and communication are in the core of fundraising practices. Emphasizing the strategic approach, Rosso (2010a) states that the mission is in the core of the fundraising activity. He asserts that fundraising is heavily based on the organizational values and serves the reason of the organization's existence:

Indeed, fundraising is never an end in itself; it is purposive. It draws both its meaning and essence from the ends that are served: caring, helping, healing, nurturing, guiding, uplifting, teaching, creating, preventing, advancing a cause, preserving values, and so forth. Fundraising is values - based; values must guide the process. Fundraising should never be undertaken simply to raise funds; it must serve the large cause. (Rosso, 2010a, p. 5)

Supporting the strategic approach, Sargeant and Shang (2010) suggest that fundraising should be preceded with an analysis of the organizational strategy, by using three questions:

1. Where are we now?
2. Where do we want to be?
3. How are we going to get there?

(Sargeant & Shang, 2010, p. 115-116)

The strategy process includes internal and external organizational analysis, setting targets, and specifies the measures and tactics on how the targets will be achieved.

Seiler (2010a) provides an action plan to turn the philosophical and strategic work into concrete measures. He describes fundraising as a continuous cycle consisting of interrelated steps. Figure 1 demonstrates 14 steps, of which most involve planning, beginning from the top of the circle. The cycle depicts the order of actions and the preceding planning, with a goal to maximize the fundraising result. The actual solicitation takes place as late as in the thirteenth step.

Figure 1. Fundraising cycle



Source: Seiler, 2010a, p. 11

The first step, examining the case, provides the base for the organization's mission. It answers to three questions:

1. Why does the organization exist?
2. What services or programmes does the nonprofit provide to meet the need or solve the problem?
3. Why should prospective donors provide gifts, and what benefits accrue to donors who make gifts?

(Seiler, 2010a, p. 12)

The next step is to analyze market requirements to determine whether the market understands and accepts the work of the organizations and the need for it. This is followed by identification of needs, which means determining how much money is needed and when. The numbers justify the existence of a fundraising programme, and form the base for the next step in which goals and objectives are set. (Seiler, 2010a, p. 12)

The first point of action in the cycle is involving volunteers. The most efficient fundraising method is face-to-face solicitation by peer volunteers. Next step, validating needs statement, is reaffirming the needs statement by the volunteers. Such input and analysis is essential to the cause. (Seiler, 2010a, p. 13)

In the next phase, the donor market is analyzed to identify the specific donor markets and their ability to give. When the prospects are analyzed, the following step is to identify the fundraising techniques that can be used to reach the selected markets. Next, specific prospects are identified. (Seiler, 2010a, p. 14)

The tenth step is the development of the fundraising plan, meaning allocating resources, defining monitoring and evaluation, and specific amount of monetary goals for each fundraising method. Next, communication planning defines the way the goals and the mission are communicated to the prospects. Interactivity is also important to receive feedback and to address the concerns from the field. (Seiler, 2010a, p. 15)

Before taking the ultimate step of solicitation, the volunteers must be activated. Volunteer base should be cultivated and expanded to attract new donors. The earlier steps culminate into the solicitation phase. The plan is executed and donations are received. After receiving the donation, it is important to maintain and develop the established relationship with the donor, which is the last step of the cycle, before a new revolution of the fundraising cycle. (Seiler, 2010a, p. 16)

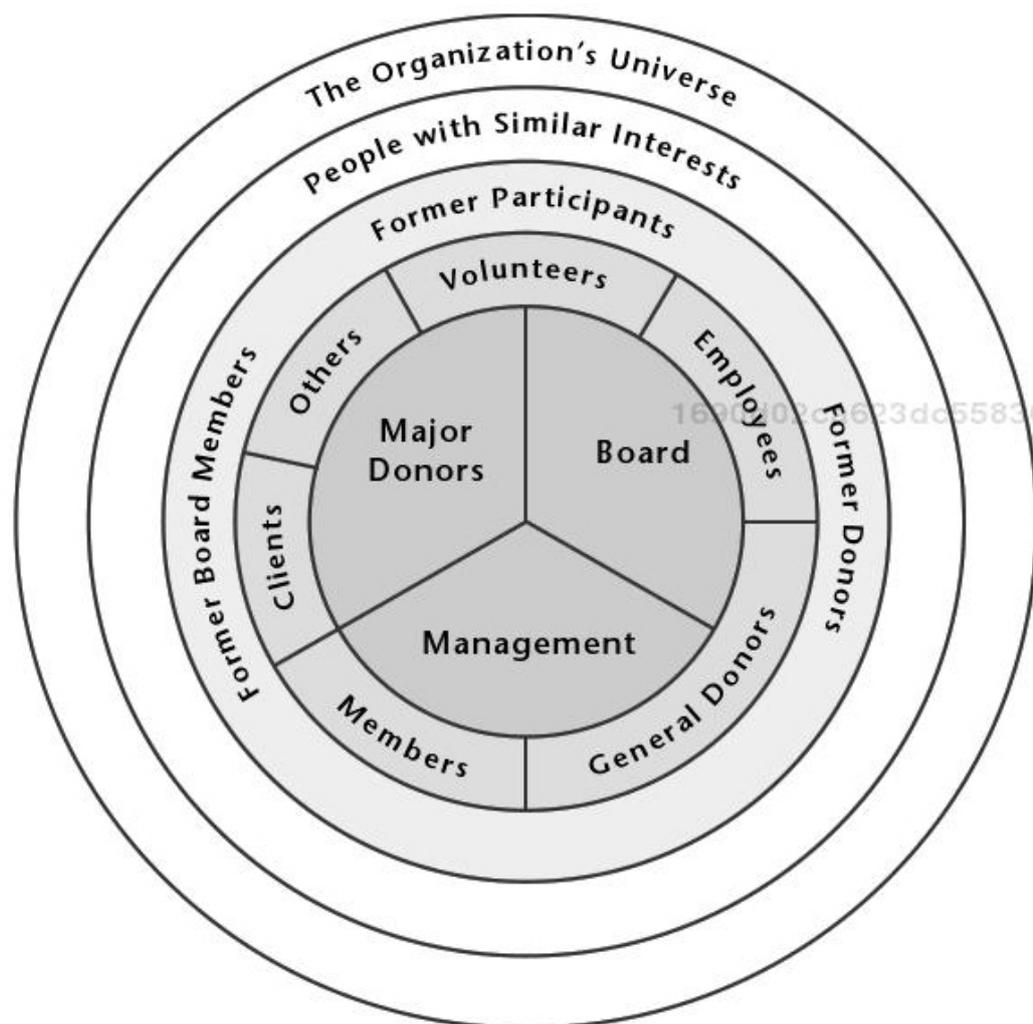
Seiler (2010a, p. 16-17) also emphasizes understanding of fundraising related marketing principles prior to the fundraising process. He states that the needs, perceptions, wants and values of prospective donors have to be understood before attempting to involve them in to the fundraising system.

2.1.3 Constituency

Seiler (2010a, p. 15) divides the prospective donors in three groups: Individuals, corporations and foundations. The word constituency is used to describe this group, and Seiler (2010b, p. 18) defines the word as “a distinct group of people with actual or potential interest in the organization”. The word is used in politics for potential voters, but also in fundraising for prospective donors.

Figure 2 presents the different segments of constituents in a non-profit organization. The constituency includes a range of people both within and outside the organization, such as the board members, the employees, and the clients. The range of constituents becomes more vague, when moving farther from the centre of the organization. The outer rings of the circle include people with less connection to the organization, such as people formerly involved with the organization, and people with similar interests. The likelihood of receiving donations by fundraising is greater in the core of the organization, and is reduced when distancing from the centre. The constituency is a developing system, where people move from one segment to the other, depending on their life situation and changing interests. Fundraising aims to attract people from the farther rings towards the centre. (Seiler, 2010b, p. 20)

Figure 2. Constituency circle



Source: Seiler, 2010b, p. 20

The prospective donors are identified based on criteria, which can be divided into three areas:

1. Linkage to the organization
2. Ability to give
3. Interest to the work of the organization.

(Seiler, 2010a, p. 15)

None of these aspects are enough individually, but should be considered as a whole. For example a wealthy person might have the ability to give, but might have no linkage or interest to the organization, and is therefore unlikely to donate. (Seiler, 2010a, p. 15)

Seiler (2010b, p. 24-26) highlights the importance of personal values when dealing with major donors or people with other important role in fundraising. The factors are categorized into eight elements, which in varying amounts may be important to the person in question: Family, education, profession or job, religion, health, recreational interests, social groups, and civic or political organizations. The fundraiser must know whether these different personal roles are compatible with the organization, which increases the likelihood of a fundraising relationship. Some aspects might even be contrasting with the organizational values, making the person an incompatible prospect.

Martin (2010, p. 125) emphasizes a systematic approach on prospect research. The research relies heavily on the already mentioned elements: linkage, ability and interest. The data may contain different types of information, based on the organizations needs. The essential pieces of prospect information are wealth and the ability to give. Based on the organization needs, additional recorded information could include relevant personal interests, for example hobbies that might indicate a prospect's inclination towards making a donation. The data can be gathered by engaging other members of the organization to provide the information, or sought from public records and databases. The information can be used to profile the prospects into different categories, for example based on the size of the expected donation.

The aforementioned information collection holds ethical and legal questions. Personal data may be sensitive and therefore raises questions about security and ethics. Especially in Finnish legislation there is strict legislation on information collection and databases, determining what kind of information can be stored and on how it can be used.

2.1.4 Donor motivations

Donor motivations have been widely researched in relation to fundraising. Sargeant and Shang (2010, p. 66-70) present a wide collection of donor motivations from past research. They mention reasons such as improving self-esteem, atonement for past sins, recognition, access to services that are made possible by the donation, for example hospitals, reciprocation for using the services, giving in memory of a close person, and tax incentives.

Additionally, they include donor motivations such as general benefit to the society, tangible rewards in exchange for the donations, and feeling better about themselves. Completely selfless, altruistic motivations are also mentioned, with the example of an anonymous donation, where self-benefit is less evident. Emotions, such as sympathy, fear, pity, guilt, social justice and empathy can also stimulate donations. (Sargeant & Shang, 2010, p. 66-70)

Sargeant and Shang (2010, p. 72) highlight personal values as a significant motivation to donate. Donors are likely to express their values through giving, and therefore communicating the values of the fundraising organization is important. However, Rosso (2010a, p. 7-8) argues that substantial value, for example a product or a service, in exchange for the donation dismisses the philanthropic spirit of the donation.

2.1.5 Fundraising methods

Seiler (2010c, p. 43-45) offers a systematic and a wholesome approach on fundraising. He emphasizes that fundraising has many levels and it conducted for many different purposes. Organizations have temporary and ongoing funding needs, which call for different kinds of fundraising programmes. He introduces four historically common programmes that serve an organization's different fundraising needs:

1. Annual fund -> For ongoing programmes or services.
2. Major gifts (programme) -> For special programmes and projects.
3. Capital campaign -> For buildings, equipment and endowment.
4. Planned giving -> For endowment and capital.

(Seiler, 2010c, p. 43-45)

The annual fund attempts to reach a larger crowd, and is the basis of the fundraising system. Major gifts target larger donations, and require personal contact as well as more cultivation. Major gifts are not only an independent programme, but also included in all the other three divisions. Capital campaigns and planned giving are also dealing with larger donations, and require a personal contact with the prospect, whereas the annual fund includes a varied range of contact methods, including also less personal communication. (Seiler, 2010c, p. 43-45)

Rosso mentions various methods for solicitation in the annual fund: Personal face-to-face solicitation, solicitation by letter from a peer, solicitation by phone call from a peer, personalized letters and e-mail, impersonal letters, direct mail and email, impersonal phone call, special events and benefits, door-to-door soliciting, added with internet, traditional and social media, and advertising. All of these methods serve a purpose in the big picture, allowing communication with a large reach and methods to interact with different segments in their preferred method of communication. (Rosso, 2010b, p. 59-67)

2.2 Crowdfunding

Crowdfunding is an online fundraising technique that uses web-based platforms to activate large masses of individuals to donate funds for a particular project or organization (Cunningham, 2012, p. 61). As already mentioned, it originates from the same development of phenomena such as open source and crowdsourcing, which are shifting a share of service creation to larger masses (Ordanini et. al., 2009, p. 5). It is used in various fields, including art, comics, dance, design, fashion, film, food, games, music, photography, publishing, technology, theater, science, and services. The financial scale is also vast, including small local campaigns targeting €1000 to global campaigns targeting and collecting millions of Euros.

Gerber and Hui (2013, p. 8) state that crowdfunding is enabled by recent advanced web-based technology such as online payment systems and social media that allow crowdfunding safely and easily. The same developments also allow good channels for marketing the projects.

Best and Neiss (2014) provide a historical context for crowdfunding, tracking back a long way in history:

Crowdfunding is a new way to do something old. It uses the Internet to facilitate capital formation in much the same way that communities financed transactions as far back as 3000 b.c. Prior to the advent of banks and other financial institutions, wealthy families and rulers provided loans to individuals in communities to finance everything from businesses to infrastructure. (Best & Neiss, 2014, 3-4)

They state that various forms of crowdfunding have existed for ages, but in the early 20th century the legislation for investor security made it difficult to engage larger communities into crowd-based funding. The recent technological development forced a new legislative approach, which made online crowdfunding possible and popular. (Best & Neiss, 2014)

Also Collins (2014) mentions that the principle of people collecting funds in groups to finance an important endeavour has been commonplace in the past, but considers crowdfunding as a fundraising tool, which specifically has potential to reach younger audiences. She also describes it as a vessel especially to gather funding for specific projects. The article *5 Types of Donors and How to Attract Them* (2015, p. 28-29) considers the role of crowdfunding in relation to other fundraising methods, and concludes that it is suitable in a fundraising method portfolio to reach particularly younger audience with less money to spare.

The invention of modern Internet-based crowdfunding is often credited to the progressive rock band *Marillion*. In 1997, the fans of the band took initiative and gathered \$ 60,000 among themselves on the Internet to help organize a North American tour. The idea was conceived and managed by fans without any involvement from the band. In 2001, the band took the initiative and asked the fans to pre-order their new album before the production had started. The business model was then copied and developed further by crowdfunding services. (Masters, 2013)

US-based crowdfunding services such as Kickstarter and Indiegogo have reached an international awareness, and many countries have similar services that operate in a smaller national market.

The first Finnish crowdfunding platform Mesenaatti.me launched their service in 2012. The service is mostly used to fund small cultural projects and a significant share of these campaigns is related to music. (P. Seppälä, personal communication, August 26, 2015)

2.2.1 Crowdfunding in the music industry

Agrawal, Catalini & Goldfarb (2011, 18) describe the position and need for crowdfunding as a solution for recording artists who are not financially established enough and have not found a record label to fund their album. As with any investment, record labels are balancing between the risks and potential returns, and want to be sure to regain their investment with profit.

In the vertically integrated industry set-up, large record companies provided both financing and a full suite of services (e.g., producer, studio, cover design, distribution, auxiliary musicians) in exchange for ownership of or equity in the artists' intellectual property. (Agrawal et al. 2011, 18)

Crowdfunding is a solution to fill this funding gap, by allowing the artist to collect funds beforehand to make the recording, thus reducing the risks. In addition, they can retain all the intellectual rights, while allowing the market to decide whether their art is good enough to be published.

In the music field crowdfunding has mostly been used to produce records. In addition, it has been successfully used to fund concerts, tours, producing new music equipment, and even mobile apps (Smith, 2012).

Crowdfunding has had a considerable impact for the music industry and has grown also in scale. For example, Amanda Palmer collected a total of \$1,192,793 for a record, art book and tour, and Ginger Wildheart not only collected a considerable sum of money, but the crowdfunded album debuted #27 on the United Kingdom album chart. (Smith, 2012)

Stewart (2015) writes about crowdfunding experiences in large music institutions. In 2013, New York City Opera started a crowdfunding campaign through Kickstarter to collect a stupendous amount of 1 million USD, as a part to fill a 7 million USD void in their budget. San Diego Opera launched a campaign in 2014 on their own website to save the company from going out of operation. The former failed, managing to collect only 30% of their goal, while the latter gathered a whopping sum of 2,1 million USD. Large institutions such as the aforementioned operas have turned to crowdfunding as a part of their fundraising operations. On the other hand it is a plausible solution for large operators serving a mainly specific region, but Stewart argues that the main function for crowdfunding is “to get small shows and modest-scale companies off the ground”.

2.2.2 Types of crowdfunding

Massolution (2013), a consulting company specialized in crowdfunding, presents five models of crowdfunding: donation-based, reward-based, lending-based, equity-based and royalty-based.

Donation-based funding is based purely on goodwill and the donor does not expect or receive anything in return (Massolution, 2013). As stated earlier, in Finland this kind of funding is only allowed to entities that have obtained the money collection permit. However, international crowdfunding platforms (CFP) such as GoFundMe operate by using this model.

Reward-based funding means that the funder receives something in return to his financial contribution (Massolution, 2013). This is the model that the Finnish crowdfunding service Mesenaatti.me is based on. Also Kickstarter and IndieGogo are examples of CFPs using the reward-based model.

The three remaining models are used less in cultural context. In the lending-based model, the funder expects to receive his money back, with a possible added interest. The model in the equity-based system resembles the stock market, where the funder receives a certain number of shares in the enterprise. As the name already insinuates, in the royalty-based model the crowdfunders receive a share of the earned revenue. The last model is similar to the model record companies base their business on, and was used by a German CFP Sellaband that has already ceased to exist.

Another aspect of crowdfunding is whether the campaign has a threshold for the amount of money collected. Gerber and Hui (2013) divide the types in *all-or-nothing* and *all & more*. All-or-nothing means that if a funding goal is not reached, the funds are fully returned to the funders and the creator receives none of the funds. Kickstarter uses this model. With all & more type of crowdfunding, there is no threshold and the campaign owner can keep all the gathered money whether or not their initial goal is reached. IndieGogo provides both of these two options.

2.2.3 Motivations of creating a crowdfunding campaign

Gerber, Hui and Kuo specify a situation where crowdfunding has proven to be especially useful:

Crowdfunding is particularly useful for people who are unable to get financial support from traditional funding sources, such as banks, angel investors, and venture capitalists. Instead of raising a large sum of money from one person or organization, creators report being able to raise similar sums of money through a large number of supporters contributing small sums. (Gerber, Hui & Kuo, 2012, p. 8-9)

Gerber and Hui (2013) have identified motivations for campaign creators and supporters to participate in crowdfunding. They conducted semi-structured interviews to discover motivations and deterrents related to crowdfunding. From creators viewpoint, they found the greatest motivators to be raising funds, expanding awareness of work, forming connections, gaining approval, maintaining control over one's product or project, and learning new fundraising skills. The reach and simplicity of presenting a project was deemed pivotal, only requiring a brief written description and possibly a video. Crowdfunding as an alternative to working with a single investor or a large label leaves more creative and editorial control to the creator.

Additionally, the starting costs of a crowdfunding campaign can be relatively low compared to extensive and time consuming grant applications, and it is also fairly quick a way to gain funding. The marketing aspects were also deemed important, as by crowdfunding there is a good possibility to reach new audiences via social networking sites and popular press. (Gerber & Hui, 2013, p. 8-14)

In addition, they found that the creators had gained business connections to peers and a possibility for interactive communication with the audience, which allowed them to develop their project after receiving feedback. Positive feedback and success in crowdfunding also encouraged the creators in their work. The creators also reported to have gained improved fundraising and communication skills through the crowdfunding project. (Gerber & Hui, 2013, p. 8-14)

Also Belleflamme, Lambert and Schvienbacher (2014, p. 602) state that crowdfunding allows interactive communication between the producer and the audience, which is beneficial in promotion, and provides valuable market research information and customer feedback already in pre-production phase.

The deterrents for the creators included hesitance for public solicitation, inability to attract supporters, fear of failure, exposure and idea theft, as well as time and resource commitment. Public failure was deemed to affect future investment applications. Some felt that the time commitment was too big for the gains. The idea of presenting unfinished products also turned away people from crowdfunding. Some creators have stated that crowdfunding is only effective for projects that resonate with large crowds. Extremely specific projects, for example in the medical field, might not appeal to the masses. In some cases it would be easier to convince one bigger funder for the whole sum needed. Some creators felt that crowdfunding was good for “a one-off product”, and some felt that their project did not have compelling enough rewards. (Gerber & Hui, 2013, p. 17-22)

2.2.4 Motivations of funding

As already stated, from a legal point of view crowdfunding is considered as sales of goods in Finnish legislation (Ministry of the Interior, 1992). However, studies show that the value of the product offered as a countervalue is not the only reason for a supporter to participate into a crowdfunding campaign.

According to Agrawal, Catalini and Goldfarb (2015, p. 258), even if the funder was philanthropically motivated, as opposed to gaining value or profit, the individuals are operating on “scarce resources”. This means that the funders expect some kind of return on their investment, and want to select carefully the most suitable project to support. The return on investment in this case does not mean money, but they expect to gain other type of value and some sort of results.

Gerber and Hui (2013, p. 14-17) found that the motivators include collecting rewards, helping others, being part of a community, strengthening connections with people in their social networks, and supporting the creator or a cause. In contrast they discovered deterring factors among the funders, and identified

“distrust of creators’ use of funds” as the single important reason not to support a crowdfunding campaign. They also mention concerns for delays in production and delivery, and poor communication.

2.2.5 Principles of success in crowdfunding

Seppälä emphasizes the importance of marketing, number of social media contacts and personal asking regarding the factors that make a successful crowdfunding campaign. Additionally, success depends on the area of business and the end product itself. Specifically, she lists three important factors that the funders are motivated by: people, project and perks. Firstly, people meaning the personality of the campaign maker, and the funder’s relationship or impression with him. Secondly, the appeal and the general idea of the project have an essential role. Finally, the perks refer to either the material or immaterial rewards that the funder receives against his contribution. (P. Seppälä, personal communication, August 26, 2015)

Nelson (2013) suggests that the funders tend to participate mostly in the beginning and in the end of the campaign, and the remaining period in the middle remains less active. She calls this pattern “the U-shaped curve”. Kuppuswamy and Bayus (2013, p. 9-10) came to the same conclusion in their research on Kickstarter projects. They also found that the funding pattern remains consistent, regardless of the category in question (Art, Design, Film and Video, Games, Music, Technology).

Additionally, they investigated the role of social influence, and found that a campaign is likely to experience a sudden increase of pledges, once it is near to its funding goal. Crowdfunding professionals have also empirical observations regarding this phenomenon, also known as “the Kickstarter effect”. They also refer to behavioral studies, stating that a natural increase of motivation is often found on humans and animals also in other instances, when they are close to reaching a goal. However, their study also showed that contributions are more unlikely once the project goal has been reached. (Kuppuswamy & Bayus, 2013, p. 17-20)

Mollick (2014, p. 7-8) found that crowdfunding funders look for signals of quality, much like professional venture capitalists do, when considering an investment. He mentions aspects such as the quality of the pitch and video, and the amount of campaign updates. The campaigns that demonstrated preparedness and quality performed better compared to those with less quality. Also having a large social network and being featured on Kickstarter frontpage increased the potential for success.

Mollick (2014, p. 7-9) also states that high quality projects also begin to attract more funders, because the existing funders spread the word to other people and media. This effect is an extremely distinctive feature for crowdfunding.

According to Mollick (2014, p. 6), projects that fail, often fail by a large margin. Only 13% of failed projects gather more than 30% of their goal. Successful campaigns are very likely to exceed their goal by a small margin, as 75% of successful projects collect only 0-10% over their goal.

Agrawal et. al. (2015) studied crowdfunding campaigns of musicians seeking to fund their albums on Sellaband, a dedicated crowdfunding service for musicians. They analysed samples of campaigns based on aspects that other researches have considered important for start-up entrepreneurs, such as geographical distance, timing and role of friends and family.

Considering geographical distance, they conclude that local investors are more likely to invest on a project, and also more likely with a larger sum. Friends and family of the campaign owner, who are more likely to reside close to the owner, cause this disproportion. Regarding timing, it seems that the more investment a project has been already collected, the more likely people are to invest. In other words, if a project has already collected a considerable amount of money, the more attractive the project seems to an investor. Also, at a later stage of the campaign, the number of distant funders is more likely to grow faster compared to the number of local funders. (Agrawal et. al., 2015, p. 263-264)

Friends and family of the entrepreneur are massively important for start-ups, and according to Agrawal et. al. (2015, p. 267-270) this aspect is true also in crowdfunding. Friends and family of the campaign owner are responsible for a disproportioned share of the investments, and they also invest in earlier phase compared to average. Also Kuppuswamy and Bayus (2013, p.16) support the

important role of the close social connections. Additionally, they found that family members tend to support the project either in a very early stage or near the end of the crowdfunding project.

Esposti adds to the importance of friends and family, and identifies three benefits from their support:

1. Initial capital is raised (although it is generally limited);
2. A signal of integrity is sent to spectators outside the campaign owner's own circles; and
3. The campaign owner leverages the outreach of the initial group.

(Esposti, 2014, p. 33)

Esposti explains the third point as the factor that potentially launches the reach of the campaign exponentially. He also states that this point determines whether or not the campaign appeals to larger crowds. The support of friends and family can only sustain the campaign to a certain extent, and the campaign has to be appealing in other ways to gain support from strangers, meaning people who are at least three social links away from the campaign owner. (Esposti, 2014, p. 33)

Kerrigan (2014) states that crowdfunding campaign owners benefit from good personal communication skills (p. 19), successful professional background (p. 20), strong social network and support, and ability to demonstrate a credible plan (p. 21).

Schoffler (2014, p. 133) also emphasises the importance of communication with the backers. She encourages campaign owners to present realistic figures instead of overly optimistic estimations and to begin obtaining funders already prior to the campaign launch. During and after the campaign, the funders should be kept up to date and thanked properly for their contributions and encouraging them to invite funders from their connections.

In the planning phase, Schoffler (2014, p. 134) advises making a list on potential funders. The list can be compiled by going through professional and personal connections on social media. Each prospect should be categorized on the

amount of money they could give. Schoffer also encourages concentrating mainly on the category A prospects, gradually moving to the other categories depending on the campaign success.

The list should include three categories:

- A. People who are likely to fund your campaign, meaning people close to you such as family and friends or in other ways knowledgeable person within the field.
- B. People who might invest after seeing signs of success during the campaign. Industry influencers, investors who are active in your industry and professional acquaintances.
- C. People whom only fund if the campaign reaches significant success.

(Schoffler, 2014, p. 134)

Additionally, Schoffler (2014, p. 136) gives advice on relationship building. One should never ask people to fund if there has not been contact with them for a long time. Relationships should be cultivated prior to asking, in a similar fashion as in fundraising. Although crowdfunding happens online, it is important to build relationships also offline by attending seminars, volunteering and joining trade organizations.

2.2.6 Social media and crowdfunding

Steinberg and De Maria (2012, p. 49-52) emphasize the importance of social media marketing over traditional marketing methods. Creating dialogue on social media platforms such as Facebook and Twitter are effective ways of getting the word around. Online media, such as newspapers and blogs should be targeted to obtain attention outside the existing social media reach. They also highlight personal dedication for the cause, and encourage appearing as the active public face of the campaign. All reservations about public exposure and shyness should be overcome to rally a successful campaign. Also maintaining contact to the backers after the campaign is important, to engage the existing followers and thus attract new ones.

Mollick (2014, p. 6) studied Kickstarter projects and found that the number of Facebook friends increased the probability of success. If a person had 10 Facebook friends, the likelihood to succeed was only 9 percent. With 100 friends, the probability increased to 20 percent. With 1000 Facebook connections, the probability was as high as 40 percent.

Schoffler (2014, p. 130-132) highlights the value of high-quality digital presence in convincing funders. If a potential backer makes an online query on the campaign creator, it is essential to appear trustworthy and present the best possible image. She mentions positive publicity as one of the most powerful tools to convince backers.

Once the digital presence is polished to excellence, Schoffler (2014, 132-133) says that the next thing to do is to engage with the industry influencers. She says that engaging in conversation on LinkedIn or Twitter is a good way to associate oneself with important influencers, and to attract attention from their social media contacts. In music, for example other notable musicians or music journalists are important connections.

2.2.7 Distinct features in Finnish crowdfunding culture

Seppälä mentions three issues, that she considers typical for particularly Finnish crowdfunding. Firstly, crowdfunding is still a new thing in Finland. The scale of crowdfunding is smaller compared to many other regions, and so far the concentration is mainly on smaller artistic projects. Technological projects are still a minority. (Personal communication, August 26, 2015)

Secondly, she mentions cultural issues about marketing. Self-marketing is an issue, that is for some reason difficult for Finns. Marketing one's own work and exposing oneself to the public eye is considered awkward, especially when money is involved. Both the marketer is feeling ashamed of the public exposure, and also the audience react sceptically towards people who are promoting or selling their own work. Somehow, an individual who is or tries to be financially successful is frowned upon. (P. Seppälä, personal communication, August 26, 2015)

Thirdly, the Finnish media does not endorse crowdfunding projects, because journalistic integrity is very high. Seppälä says that when for example an American online newspaper writes about a crowdfunding campaign, they always provide a link to the campaign site. Journalistic ethics is particularly strict in Finland, and linking a commercial project could be considered advertising. Media endorsement is therefore almost nonexistent. (Personal communication, August 26, 2015)

2.3 Legal Position of Fundraising and Crowdfunding

According to an unofficial translation of the Finnish law "Money collection permit may be granted to a corporation or foundation that has a purely non-profit purpose and is registered in Finland" (Ministry of the Interior, 29.09.2006, s. 7.1). The permit allows an organization to collect funding for a maximum of five years. According to the Finnish Income Taxation Act, a corporation (an association) or a foundation is considered for "purely non-profit purpose" if it fulfills the following requirements:

1. It functions exclusively and directly for common good in material, spiritual, ethical or societal way;
2. Its functions are not directed only to limited circles of people;
3. As a result of its functions, it does not create economic benefits by shares, profits or unreasonably large wages or other remunerations to its part-takers.

(Translated quotation that appeared in Ministry of the Interior 30.12.1992, s. 22)

The law also allows fundraising for universities, the National Gallery and the two major churches. Money collection permit applications are addressed by the police department of the State Local District or the State Provincial Office of Southern Finland, depending on the scale of the permit, and may be granted for a maximum period of two years (Ministry of the Interior, 29.09.2006, s. 8 & 11). Providers of cultural services seem to be a minority among religious and charitable fundraisers (Lundell & Tebest, 2014). Among the fundraising list there are foundations that give out money to cultural activities, but only a few that produce cultural services themselves.

In publicity there have been misconceptions and unclarity about crowdfunding and its legal position. There is no Finnish legislation regarding crowdfunding per se. According to Seppälä (personal communication, August 26, 2015), the legal position does not cause problems to them as crowdfunding service providers or to the people looking for funding. She states that the legal position is comparable to advance sales. Crowdfunding offers a way to raise funds prior to the production, but for every crowdfunding "donation" there must be something to offer as countervalue. Hence, the fundraising permit is not required for reward-based crowdfunding, whereas donation-based crowdfunding would only be legal with a fundraising permit. The revenue collected from crowdfunding in Finland is also a subject of taxation for entities who are classified under tax liability.

On January 15, 2015 the Finnish Ministry of the Interior published a press release regarding a discussion about updating the Money collection act. The release states that there has been discussion about removing the requirement of a permit to collect money, and change the system so that an announcement would suffice. Additionally, it has been discussed that the requirement for a "purely non-profit purpose" for the collection would be removed, which would allow also donation-based crowdfunding in Finland. (Ministry of the Interior, 2015)

Additionally, the press release acknowledges the possible risks involved in the deregulation. The problematic issues mentioned in the report include maintaining the reliability of the fundraisers and prevention of fraud, if the permission to collect is no longer needed. (Ministry of the Interior, 2015)

3. RESEARCH METHOD

3.1 Methodological Approach of the Study

The research is a multiple case study. A select group of crowdfunding musicians who had conducted crowdfunding projects were interviewed about their campaign experiences. Based on the interviews I was able to analyse the crowdfunding process from a practical viewpoint.

The purpose of this research was to explore crowdfunding as a phenomenon, through the experiences of campaign creators. This study is particularly interested in the experiences of the campaign makers in Finnish cultural context in the field of music.

The specific research question is:

- What kind of experiences did the campaign creators encounter before, during and after a crowdfunding campaign?

The research followed the qualitative research tradition, aiming to develop a better understanding about the subject. The study design was flexible, with new perspectives appearing at various stages of the research, changing the focus of the study according to the new data. A flexible design is used, in contrast to fixed design, when the data collection has begun while research questions are still under development (Robson, 2007, p. 111).

Case study method was selected because it allows a liberal approach to the research question. It was difficult to anticipate the direction of the study, and what kind of results would there be, as the research question itself was not particularly specific. According to Stake (2005, p. 445-446) multiple case studies are used, when there is less interest in one particular study, and the purpose is to examine the general phenomenon. The cases are instrumental in an attempt to understand the bigger picture. Multiple case study was therefore a natural approach for the study, as exploring campaign creators with different starting points provides a wider insight in to the subject.

The subject was approached by studying literature and following online and print media discussion about crowdfunding. An expert interview of a crowdfunding professional, was conducted to identify possible for an improved understanding and to gain a better understanding on Finnish cultural peculiarities on crowdfunding.

3.2 Data Collection

The data for this research was collected using semi-structured interviews. The data gathered from the interviews is mainly qualitative. Three interviews were conducted, representing three individual cases on crowdfunding. The cases selected for closer examination were the crowdfunding campaigns of Juha Pekka Tapani Heikkinen ja niin edelleen (JPTH), Tomi Salesvuo East Funk Attack (EFA) and Kuunkuiskaajat.

The cases were chosen based on the following criteria:

1. Success in collecting their minimum target amount of funds on the Finnish crowdfunding platform Mesenaatti.me;
2. A Finnish band/artist who had organized a crowdfunding campaign to produce a record;
3. A slightly different starting point for every selected case compared to the others, allowing a wider perspective on the subject;
4. The crowdfunding campaign had to have been conducted 1-2 years ago, to be able to examine events following the campaign.

The criteria were established to allow meaningful comparability between the cases. The criteria represent the common nominators between the cases, but each of the three cases also differs from the others.

Recommendations for potential case study subjects were gathered through personal contacts. These three cases in particular were chosen, because there were specific factors that made them interesting for this research.

JPTH was a starting artist who sought funding for their debut album. The case was interesting due to the personality of Juha Heikkinen, and for the fact that it was one of the first crowdfunding campaigns conducted on Mesenaatti.me.

EFA was also seeking funding for a debut album, but the band leader Tomi Salesvu has more than 20 years of experience as a professional musician, and has had success with his other bands and is well connected in the music business. He also has a production company and the record was to be the first release of his own record label. EFA was interesting as a study subject because of a personal recommendation to include them in the study and because of they had achieved media exposure related to crowdfunding.

Kuunkuiskaajat had already released one album and were looking for funding for their second album. A common factor for all of these artists was that they could not find a record company to release the album for them, so they decided to search the funding themselves and to release it independently. At the time of starting the study, Kuunkuiskaajat were holding the unofficial record for the most successful crowdfunding campaign conducted in Finland, which made them an interesting study subject.

The reason for selecting only successful campaigns was that they provide more material to study compared to unsuccessful ones. Most of the unsuccessful campaigns gathered less than 10% of their minimum goal, which signifies lack of promotion and attention to the campaign. It can be assumed that unsuccessful cases do not provide enough material for analysis, whereas successful campaigns have better potential for a meaningful study.

All the campaigns were conducted on the Finnish crowdfunding website Mesenaatti.me. This was due to practical reasons. The website design enabled easy browsing of the bands who had made a campaign, as well as an easy access to the campaign information.

The interviews happened in September and October 2015. The interviews included one representative from the corresponding case, with the exception of Kuunkuiskaajat where both members of the duo were interviewed regarding their campaign. The interview material was supplemented with additional questions after all the interviews had been conducted. Some important subjects appeared only in the later interviews, and to ensure covering all subjects from

all interviewees, additional questions were sent via email or instant messaging. Also one additional interview was conducted via telephone.

To create a holistic understanding of the campaign owners' experiences, the interview questions consisted of a variety of themes. The interview themes were selected partly based on existing fundraising and crowdfunding research and partly based on interests particular to this study.

The interviews sought information on the following themes:

Table 1: Interview themes

Background	General background information Reasons for crowdfunding Research about crowdfunding
Planning	Campaign goals Campaign team Prospect research / identification
Events during the campaign	The campaign progress Marketing / Communication methods Amount of work / other resources Personal sales methods Challenges Rewards
Campaign results	Financial result Other results Role of friends & family Expectations vs. results
Events after the campaign	Learnings Positive / Negative experiences Future prospects Possibility for another campaign

3.3 Data Analysis

The interviews were transcribed and analysed to find common and differing experiences between the cases. The goal of the analysis was to identify as many as possible specific issues, problems or achievements that the campaign owners experienced before, during and after the campaign.

Once the issues were identified, the results were compared between the cases. Additionally, the results were compared to research findings from other studies and with the literature in the theoretical framework chapter. The findings are described in the conclusion section of this study.

3.4 Critical Reflections on the Research Process

The number of cases is relatively small, but sufficient for the purpose. Focusing on several cases allows analysis on the different experiences of the campaign creators. Interviewing more than one person from one organization would not be relevant, since I expect that additional interviews would provide little additions to the information gained from the interviewee. In this particular situation, the campaign teams were small, and the interviewees were responsible of a large majority of the workload and creative input. The exception was Kuunkuiskaajat, where two persons shared the responsibilities, and both of them were interviewed.

Stake (2005, p. 445) considers case study as a method to study particular events, and expresses caution over drawing generalizations from case studies. The results supplement the already existing knowledge of crowdfunding in Finnish context, and the aim is not to prove any existing conception wrong or provide a single prevailing truth.

The study reflects on previous research to compare observations and to identify distinctive features for Finnish crowdfunding. Case studies often use triangulation to provide a wider perspective for analysis (Stake, 2005, p. 453-454). In this research, data from multiple cases is used to improve validity for the findings.

The interviews and the additional communication to supplement the interview information were the only data collection method. Because the aim of the study was to gather campaign creators' experiences on crowdfunding, all other sources, such as the campaign websites were excluded. All the cases happened already in the past, and the events might have not been fresh in the interviewees' memory. Therefore, there is a possibility of error in the accuracy of the events.

An ideal research situation would be to follow a case as it proceeds, starting from the conception of the crowdfunding idea, and conducting several interviews in different phases of the project. However, this requires more time than there was available for this research, since the span of the campaign may be long and some of the effects may emerge after a longer time. Finding suitable cases and accessing them would be also challenging.

A permission to use the real names of the interviewees was asked regarding the description and analysis of the cases. The subject of the study is very neutral, and is not expected to cause any controversy, as it does not include sensitive personal information. Using real names of the people and the bands gives the reader a possibility to follow the case subjects also after the study.

4. DESCRIPTION OF THE CASES

In this chapter, the three cases will be described and the findings will be analysed. Each section contains a brief introduction to the background of the band, and a description of their crowdfunding campaign experiences.

4.1 Case 1: Juha Pekka Tapani Heikkinen ja niin edelleen

Juha Pekka Tapani Heikkinen ja niin edelleen is a trio band led by the singer-guitarist Juha Heikkinen. Juha Heikkinen started his musical career as a songwriter and solo artist in 2010, by busking on the streets. He believes that the most efficient way to market his music is to play live, and therefore he turned to busking. A year later Heikkinen was joined by a bassist and a

drummer, expanding the band into a trio. Soon they felt the need for recording and publishing their music, and started to look for possibilities to release an album.

4.1.1 Reasoning behind crowdfunding

The band had recorded demos and sent them to different record labels, but the companies were not interested to sign them. They also visited trade events to find contacts in the music industry but the attempts to find a recording deal were unsuccessful. Still determined after the difficulties, Heikkinen developed the idea of releasing an album independently. The premiss was that the record would be made based on the demand of the audience: “if five people want to buy our record, we will make it for those five people and with their money”.

Later when he started to research about the subject online, he discovered the concept of crowdfunding. To test the possibilities of crowdfunding beforehand, they conducted a survey during a concert. The results indicated a positive response to crowdfunding. Coincidentally, Mesenaatti.me had just started to look for pilot projects for the launch of their service, and Heikkinen signed up as one of the first Finnish crowdfunding projects.

Heikkinen discarded the possibility of grant funding, because he felt that looking for a “blessing” of a higher entity did not feel right, and that crowdfunding felt more “democratic”. The support from ordinary people felt more important: “the fellow people will authorize doing this if they perceive it good”. The starting philosophy was that they would only use as much money for the recording as they can gather from crowdfunding.

One of the most important reasons to make an independent production was that it allowed artistic freedom as well as independence in other areas of the project. Heikkinen also mentions that the whole process of producing an album by crowdfunding was intriguing due to its novelty, and the method also matched with his personal values.

4.1.2 Planning

Heikkinen planned the campaign together with two of his colleagues. Both of them had some experience in writing in music publications and in media relations. The other band members were more focused on the artistic side and making the record. In addition, the crew of Mesenaatti.me were supporting the project since it was one of their first campaigns in the service. They also had graphic designers who designed the album cover and illustration for the merchandise. None of the campaign team members received monetary compensation for their work. The graphic designers exchanged their services for other services.

Heikkinen started to research crowdfunding in September 2012. In the following October the campaign team was gathered and the necessary cooperation partners were contacted. In November they created the marketing materials and prepared an initial media plan and social media content. They planned the working schedule, including the studio dates, printing the records and the release. They had also agreed promotion gigs. Heikkinen does not mention planning any specific groups they wanted to target with the campaign.

The campaign began in December 2012. The objective was to collect 3500 €, during a 1,5 month campaign. They had calculated that the minimum sum would be the smallest possible sum to execute the project. The album recording was planned to happen in February, just after the campaign, and the release was due in March, when they had also arranged the release party.

4.1.3 During the campaign

The campaign went according to what Heikkinen describes as “the typical crowdfunding lifespan”: during the first day, the campaign had already collected 1/3 of the funding. Thereafter, the number of pledges started to decrease day by day until the middle, when the pledges ceased almost completely. This can partially be explained by the Christmas holidays. When nearing towards the end, the number of pledges started increasing again and the last days turned out to be the most profitable time.

Heikkinen feels that the campaign length was right for them:

—I wouldn't necessarily have lengthened it from the one and a half months, because it easily gets too long, because the important thing is to maintain the buzz for the whole time.

Social media was the most significant marketing outlet. Heikkinen says that they posted on Facebook almost every day. Outside the online sphere, Heikkinen also talked about the campaign as a part of his everyday interaction with people, but says that he did not contact people solely with the purpose of promoting the campaign. He felt that it was important that people learned about the campaign only after they were already familiar with their music.

On the first week of the campaign, the band played three live shows, where they advertised the campaign by talking about it on the stage and by distributing flyers among the crowd. Heikkinen considers that this method was not as effective as online promotion, since online promotion allows an immediate access link to the campaign site.

Also press releases were sent and some online media coverage was obtained from a few important music publications such as Soundi and Suosikki, as well as from a daily newspaper Aamulehti. Heikkinen says that the amount of media coverage was a slight disappointment, since they were expecting more attention.

The method for attracting funders was to create a feeling of sympathy towards the band and the project. They approached the audience with humorous and playful communication, which was also evident in the reward selection. The idea was to create a feeling of communality, while still demonstrating seriousness and commitment to the project. The audience was encouraged to “support”, instead of only asking them to buy a record. The communal aspect was regarded very important and the people who had already pledged were contacted regularly for new updates about the campaign.

Heikkinen feels that administering the campaign took a significant amount of time, for example during the release of the campaign he spent up to 12 hours per day working on the campaign. Simultaneously, the artistic side required a substantial amount of time, because the band was composing and rehearsing throughout the campaign time. Heikkinen states that the double role of a

campaign producer and an artist was complicated and created difficulties regarding usage of time. He says that both of the roles were very extensive and this created confusion.

4.1.4 Campaign results

When the campaign ended in January, the total gathered sum was 4626 € from 147 backers. This exceeded the minimum goal of 3500 € by more than 1000 €. Heikkinen says that around half of the funders were friends, family or acquaintances of the band members. However, Heikkinen has become familiar with a large part of the funders who were previously unknown. The campaign helped to build a community around the band.

The marketing efforts during the campaign helped the band to increase their social media following significantly by hundreds of new followers. Even though it did not create a massive boom, Heikkinen says that the campaign created a spike in the following, whereas normally there is a small steady growth.

The rewards ranged from an inexpensive album download+thank you e-card, to more expensive private concerts. Heikkinen says that the most popular rewards were bundles including the album and a ticket to the record release party, and another bundle including the album, ticket and a college shirt with a unique design. All the rewards were available also separately, but Heikkinen noticed that the bundles were more popular.

Cost efficiency was important in the rewards. In addition to the physical products, many of the rewards were creative ideas that required little money, but required some work and time. For example, they had a “Nordic walking tour”, which represented the humorous spirit of the band, and which cost nothing to implement. It also provided a nice opportunity for promotion on social media, and acts as an example of how the events related to the campaign can be used for promotion. When the first Nordic walking tour was sold, Heikkinen announced it online, which gathered a significant amount of attention among their followers.

4.1.5 After the campaign

The album recording happened directly after the fundraising campaign. The album was released in March, and as planned, the release party was organized. Heikkinen says that the release party was extremely important, as it served as an opportunity to express gratitude to the funders and to reward them for their support. The party epitomises the communal nature of the whole campaign, when everyone who took part to the campaign had an opportunity to celebrate the result. The party also served as an opportunity to distribute the rewards to the funders, thus reducing mailing costs and amount of work.

The hopes and expectations were high, but the band did not gain a massive spike in popularity and momentum. Still, Heikkinen says that the campaign took their popularity forward and extended the community around the band. There is a regular demand for their gigs, and people book him or his band for private events, such as weddings. Peculiarly, also in weddings they are playing their own songs instead of covers. They are not enlisted to a booking agent, and Heikkinen says that the community around the band maintains the activities. Since the community has grown, there have been more contacts for private gigs than before.

Heikkinen also says that six months was quite a short time to conduct the whole campaign:

Definitely if we think back, it would have been wise to have a longer period to make the campaign. It was a bit, there was a rushed feeling to it.

As for the new fan contacts, Heikkinen says that they have not used the contact information received during the campaign for other promotion purposes, but acknowledges the possibility to do so. He is reluctant to send too much email, to avoid spamming. As there have been no new albums released since the album in question, he has not considered any other reason to contact the funders especially. For future releases he might use the opportunity.

Heikkinen says that he gained various learnings through the process. Particularly, he mentions learnings on music business in general, marketing and crowdfunding.

4.1.6 Future prospects

In the future, Heikkinen sees crowdfunding as a possibility to fund the second album, but prefers other options if possible. He sees that a crowdfunding is a large amount of work for the amount of money, and prefers to look for big assistance from established music industry actors, in order to gain some radio play and such. The next career step requires more work and knowledge, and outside assistance would help significantly.

About replicating the crowdfunding campaign in a new context, Heikkinen says that the aspect of novelty on crowdfunding might have gone, and it could be either a massive flop or an even greater success. He states that it requires a massive amount of work and a wholehearted dedication, which might not be possible in future circumstances.

4.2 Case 2: Tomi Salesvuo East Funk Attack

Tomi Salesvuo is a professional drummer and a lecturer at Metropolia University of Applied Sciences. Also the band originates from the same institution. Originally, Salesvuo gathered the band among the students to play rhythm music classics at one single concert, however the concept worked well and Salesvuo started composing songs for the band. In addition to the students and Salesvuo, the line-up includes Marzi Nyman, a renowned Finnish guitarist and musician, and singer Anniina Karjalainen. The decision-making and the creative input concentrate mainly around the bandleader Tomi Salesvuo, while the other musicians concentrate on the musical input. The band consists of a total of nine members.

4.2.1 Reasoning behind crowdfunding

Salesvuo also runs his company Satomusic Ltd. The company is a small enterprise, employing Salesvuo, his wife and one other employee. The company had not released any albums before Salesvuo decided to make the EFA album. At this stage of his career, after 30 years of playing drums and 10 years as an entrepreneur, Salesvuo was determined to publish this album as a self-release

without turning to other companies in the production phase. Crowdfunding was not the initial idea, and they started recording the album with funding from other sources. For example, Salesvuo's instrument provider bought a number of records in advance, which allowed Salesvuo to start recording the album.

Eventually, when Salesvuo started to process also other funding options, he accidentally encountered crowdfunding. The method was familiar through the emergence of services such as Kickstarter. He also had friends with some experience on crowdfunding, from whom he sought advice about the issue.

Salesvuo says that he was interested in the multitude of aspects that crowdfunding provides, in addition to funding:

— it has in depth, it has vertically and horizontally different aspects that make it interesting, and I then decided that we should give it a go. And for me it was somehow self-evident that I am going to do it on Mesenaatti.me service, because they are specialized in cultural funding and arts funding in Finland —

4.2.2 Planning

The campaign team consisted of Salesvuo and his wife, who has experience in marketing and social media. The other band members did not contribute much to promote the campaign, as they were concentrated on the artistic side. Despite having a large band Salesvuo did not utilize the band much in campaign promotion.

The goal of the campaign was to reach a minimum of 2000 € while the desired amount was 4000 €. The duration of the campaign was 6 weeks, starting in February, and it lasted until the end of March.

Salesvuo identified his existing contacts as the potential funder base, but did not make specific scheduling for the campaign. Prior to the campaign, he had already anticipated how the funding curve would look like, and expected most of the funding to come in the beginning and in the end. He had received some practical advice from Mesenaatti.me.

4.2.3 During the campaign

As anticipated, the campaign followed the U-shaped curve as many other campaigns do. Many funders participated in the beginning, followed by a dipping curve in the middle. The ending was the busiest phase, clearly surpassing even the early funding activity.

– I remember that in the last, the very last day, starting from the morning I received messages and that, the phone rang and I emails kept coming – I sat at home like this, I had my cell phone and all the gadgets, email, social media, everything was like open all the time. Then I always thought that is this completely stupid, but as soon as I thought so, a message beeped from somewhere.

The campaign was mostly promoted online on social media. Salesvuo says that he made updates on the campaign progress, based on the campaign events. He also used paid advertising on social media, for which he spent less than a hundred Euros. In addition to contacts through social media, he also contacted selected people directly through email and text messages.

He concentrated on showing that the whole process seemed well planned and that the goals were clearly explained. He says he wanted to be open about the purposes of the campaign, and did not want to seem like he was begging for money or that the recording depended solely on crowdfunding. He mentions three things, on which the funding would go to: musicians' wages, post-production time and mixing days.

The campaign was based on the assumption that Salesvuo had to express his personality and his ambition. The campaign included a nine-minute introduction video, which is comparably long for the purpose. On the video he introduced himself and the band, included video clips from live gigs and from the studio, and explained the goals of the band. Although some of the musicians in the band were already well known, the band as a whole was not.

Salesvuo encountered some sceptical reactions to his messages pleading for funding. He says that he had to explain that he is not looking for charity, and that crowdfunding is basically advance sales, and the funders receive the record or some other rewards in return for their contribution. He says that the people

were lazy to click the links on his messages, and due to the novelty of the method, people had a distorted conceptions about crowdfunding.

People made an effort to write a lengthy message that 'hey thank you very much but my financial situation is so bad, that with this teacher's pay I can not patron anything'. Then I just well, in a friendly way reply that ten Euros is the smallest sum and you could have a look at this link. And like, okay, then a record worth 20 Euros had been bought instantly –

Salesvuo says that he had to promote the campaign every day to keep it alive. As the campaign time was approaching the end, Salesvuo attempted to elevate the campaign by sending a private message to all of his connections on Facebook. He started to feel, as it would be too intrusive, but went on anyway.

Not everyone likes it of course. And then again some people got on through it, moreover I would feel that no one called me to say 'stop this now goddamnit'.

Self-promotion is a subject that Salesvuo took with great caution. He says that in the end of the campaign he was worried that the large amount of promotion coming from one person and one band account would annoy people. He became increasingly cautious, apologising for the volume of social media postings. He says that he was not familiar with the Facebook algorithms for promotion visibility, and was concerned that the same people would be flooded with similar postings. In his opinion, there is also a cultural issue with self-promotion in Finnish culture, and that people would get offended by large amounts of promotion. Overall, he says that the feedback he received for the campaign was positive, and people were supportive and happy to participate.

There were no concerts played during the campaign, because they were busy recording the album material. They managed to get some media interest already during the campaign, for example the newspaper Karjalainen made a story about the crowdfunding project. The story was then shared in the band's social media pages.

4.2.4 Campaign results

After taxes, the band collected circa 3500 € through the campaign from 105 contributions, which was a satisfactory amount. Some of the funders participated multiple times, which Salesvuo considers surprising. Salesvuo estimates that around 40-50% of the funders were family, friends and other acquaintances. The campaign provided approximately 1/3 of the total budget for the album production. Salesvuo considers the experience extremely positive, even though he says that in relation to the amount of work, the total profit was quite small.

The campaign had ten different rewards. The cheapest reward was a 10 € digital download of the album, and the most expensive one was a 2500 € private concert. Naturally, the album was also offered as a reward, and was packaged together with additional rewards to allow more pricing options, as instructed by Mesenaatti.me. One of the rewards was a 50 € package containing the album, two concert tickets and a meeting with the band, which emerged to become the most popular reward. The most expensive concert package was aimed at companies, but none of those were bought. However, they had other rewards higher priced rewards, which were available for 400 € and 500 €. One was a band coaching session and the other was a sponsor package, clearly aimed at companies. Only few were purchased, but nevertheless they accounted for a large share of the total sum.

Other than money, Salesvuo emphasises the importance of the contact information received from the funders. All the funders, more than 100 people, formed the base of a mailing list, which has since extended to more than 300 names. The list is used to send a newsletter of actual events quarterly or when there are important things happening.

In the planning phase Salesvuo made a mistake by not taking the postage price in to account. Sending each vinyl via post would have been expensive, so he ended up sending packages to locations in selected cities (eg. record stores), where people could retrieve the records themselves. The postage fee of 6,90 € would have cut a significant amount of profit of the 20 € reward. In Helsinki, he personally went to a café in a central location and told the people to come and retrieve the records, which he thought was a positive experience to meet many

of the people who participated in the campaign.

Another peculiar thing was that many of the funders could not be contacted or did not respond after the campaign, when they tried to distribute the rewards. Salesvuo says that they probably just wanted to support the campaign out of altruistic reasons and did not want the reward.

4.2.5 After the campaign

Salesvuo says that making the crowdfunding campaign has brought interest from people who would not have necessarily contacted otherwise. He has given lectures about the subject, and interviews such as this Master's Thesis, and also the press has been interested about crowdfunding, when interviewing related to upcoming concerts. Additionally, YLE interviewed Salesvuo especially about crowdfunding for a newspiece. Salesvuo considers that this opportunity to tell about the upcoming record on prime time television would not have been possible without the campaign. Also colleagues who are making crowdfunding campaigns are asking advice.

The first album print was printed only as a combined vinyl+cd package and it is in distribution through another company in Scandinavia and the Baltics. There has been interest from a German label, which is interested in printing a CD for distribution in the EU-area.

Salesvuo sees crowdfunding as a way of branding and self-marketing, which can provide many different outcomes and unexpected results. He mentions many future possibilities for the band, and even though the possibilities are not direct results of the crowdfunding campaign, crowdfunding definitely plays a part in the big picture.

Salesvuo reports the importance of perseverance in promotion and the importance of careful planning of the rewards, as the most essential learnings gained from the campaign. He says the only negative aspect of crowdfunding as a fundraising tool for record production is that the large amount of promotion might be irritating to friends, but learned not to feel uncomfortable for that.

4.2.6 Future prospects

At the time of the original interview Salesvuo already had plans for a second album, and also considered the possibility of a second crowdfunding campaign. The fanbase created during the first campaign and through other activities is already there, which would facilitate the second crowdfunding campaign. He says that they were lucky to be among the first wave of crowdfunding campaigns in Finland, and that it could be more difficult for campaigners who start from zero. On the other hand, he says that possibly crowdfunding has become more established and people who like this form of support for arts and culture are happy to continue using crowdfunding as way of supporting cultural projects. He also says that media attention will be more difficult to obtain purely with the crowdfunding angle, since crowdfunding might have already lost its news momentum as a novelty.

Salesvuo also sees the importance of being in contact with the supporters in the future, and tries to be active in engaging them when meeting them at concerts. He says that the people showed a remarkable amount of trust when supporting them when they band had very little to show about the finished product. Even though Salesvuo has a long career he did not have a reputation as a composer. He hopes that the campaign remains as a positive experience for the supporters, which would facilitate the possibility for a larger impact for the next crowdfunding campaign.

A more recent contact with Salesvuo through email revealed that at the time of writing this paper, Salesvuo is about to launch another crowdfunding campaign for EFA's second album. They are also planning a crowdfunding themed event during their campaign, including a concert and a lecture by a Mesenaatti.me representative.

4.3 Case 3: Kuunkuiskaajat

The folkduo Kuunkuiskaajat started in the year 2008, when Johanna Hytti and Susan Aho decide to cooperate for a tour in Germany with Aho's solo repertoire. After the tour and some private gigs as a duo, Aho was making her solo record. Following the cooperation, she decided that she wanted to have Hytti involved

in the record, which eventually became the first album of Kuunkuiskaajat. The recording was due to be released in August 2009, but was delayed because of the duo's inclusion for the 2010 Eurovision song contest. The record was released a few months later in December, and the song *Työlki Ellää* featured in the Eurovision contest the following spring, after winning the Finnish qualification. The duo did not make it to the Eurovision final, but gained a significant amount of attention for their performance in the competition semi-final, also internationally. In addition to Kuunkuiskaajat, the duo already had some international awareness from their involvement in the acclaimed folk band Värttinä.

4.3.1 Reasoning behind crowdfunding

The rest of the year of 2010 the band was enjoying from the after-effects of the Eurovision contest, which continued also in the year 2011. Additionally, they began composing new music for a second album. They were having lengthy negotiations with different record companies and various partners for cooperation over the second album. The negotiations stalled due to problems with schedules and some companies had different artistic expectations. Finally, in summer 2013 they found the right producer to begin the album project. At that point, also the idea of crowdfunding came up.

Aho says that she was extremely sceptical about the idea of crowdfunding, thinking that the method was not reliable enough.

We had many reasons actually (for crowdfunding), how the record labels had their specific expectations, and we did not agree with them. And I am repeating, that the labels stretched and stretched this project, and I felt that we would never be able to begin. We got fed up with those two things, and Johanna's husband suggested this idea of crowdfunding. I was like what? What is it? I thought that it is a huge scam, that some middle-men would take our money, does not side right at all, I was very sceptical.

Eventually, they met the representatives of Mesenaatti.me, and were convinced enough to organize the crowdfunding campaign. The crowdfunding campaign would be the only source of funding for the album.

Hytti compares crowdfunding to selling concert tickets online. If an artist fails to sell enough tickets in advance, the concert is cancelled. The principle is the same in crowdfunding.

4.3.2 Planning

The scope for the budget was large, as the minimum goal was 3500 €, while the actual goal was 25000€. Aho was more cautious with the goal, expecting them to gather only the minimum sum, while Hytti was more optimistic, anticipating at least 10 000 €. However, on the campaign text they specified financial milestones, to demonstrate what the money would be used for. For example, 13 000 € would cover recording, mixing and mastering the album. Larger total would allow additional things, such as money for marketing or video production.

The campaign was implemented very quickly, since only after two weeks from meeting the Mesenaatti.me representatives, the duo was shooting the campaign video. They had done research about crowdfunding mainly on US-based online material, since the amount of information in Finnish was very small. Beforehand, they generally identified friends, family and existing fans as potential funders. Additionally they identified also some companies where they had existing contacts.

The campaign was set to begin in 2014 starting on March 10th, lasting for 2,5 months until May 31st. They wanted a longer campaign, because it allowed the possibility to collect a larger sum of money. The campaign crew included only Aho and Hytti, while they received some assistance also from other people. For the campaign video, the duo got help from a company who had shot their previous music video, for a nominal fee.

4.3.3 During the campaign

The funders found the campaign well directly from the beginning. The campaign was attracting funders, before an eventual drop in the number of funders after two weeks. Hytti says that they constantly had to develop new ways to promote the campaign on social media to maintain continuous attention. Also for them, social media was a significant channel for promotion.

Due to the novelty of crowdfunding, they had to overcome preconceptions and convince people that the campaign is a legitimate, trustworthy method. Aho says that especially older people were more cautious, and also online payments caused difficulties for the elderly audience.

While promoting the campaign, they had to move out of their comfort zone, by actively contacting people and selling their idea. They were concerned that people would get offended and would perceive their actions intrusive. They accredited it as a Finnish characteristic, of not showing off or exposing oneself too much. They had to overcome the feeling of shame that came with promoting their music.

Towards the end of the campaign, they entered the studio to record the album, while simultaneously promoting the campaign. During that time, they received a large funding from a company, which spurred the campaign further. Hytti says she sent a personal message to each of her Facebook connections, which together with the company funding propelled the campaign. Funders appeared at an increasing rate, and the collected sum rose quickly from 5000€ ending in a total of over 18270€.

On social media, the promotion was spontaneous and good-humored. They used pictures and videos, which they made themselves without much advance planning. The campaign time was relatively long, and they had to produce new ideas regularly. The threshold for quality was low, and they even deleted some posts they thought to be too embarrassing. They reflected on current events and tried to build connection with their campaign. They encouraged interactivity, trying to engage the audience to respond to questions and take part to contests with prizes.

Hytti says that apart from promotion in social media, she contacted closest friends and family directly by phone to promote the campaign. Earlier, they had also performed in private events organized by companies, which she personally contacted as well.

As for media attention, there was no massive coverage in the media, but they managed to have a big story in a Tampere area local newspaper. The publicity from the Eurovision song contest was also an advantage for them, as they still had a special group of audience consisting of the Eurovision fans. The

Eurovision fan community interviewed them on their website and they received a substantial amount of funding and support from the Eurovision fans.

4.3.4 Campaign results

The campaign ended with around 18000 € from about 320 contributions. At that time, it was the largest sum anyone had collected by crowdfunding in Finland. Hytti estimates that over 50 percent of the funders were existing connections, such as friends or family. Even though social media was a significant campaign channel, the crowdfunding campaign did not affect the follower number of their social media channels.

The rewards included mainly things that belong to their core business: records, record release concert, different kind of packages containing both, and special concert packages. They also offered meetings with the band as part of the packages, which were popular among the funders, but only a few appeared to the actual meeting. Aho says that many people only wanted to support and did not care for the rewards. She also explains about a particular funder, who wanted to give a larger amount of money for one record. They suggested giving an equivalent number of records in return, but the person declined. He gave a sum worth of ten records, while accepting only two in return.

Another special reward was a personalized video greeting from the band, which was especially popular among fans living in other countries. This reward was especially profitable, since it cost nothing to produce. The rewards also included duo and full band concerts, which were more expensive. These rewards were offered to companies where they had already performed before, but many of them declined due to the financial situation. Some duo gigs were sold, which had a large impact on the campaign, significantly contributing to the total sum.

Besides money, the campaign brought other things. People who liked the project but did not want to pay money, offered their work, such as designing the album cover art to show their support. A documentarist also started filming a documentary about the band, starting in autumn 2014, partly because of the crowdfunding campaign.

The campaign success overwhelmed the band. Before the campaign they had not thought much about the marketing aspect of crowdfunding. Hytti comments the significance of online promotion during the campaign:

– what I have to mention, that after campaigning for two and a half months, surely every damn one in Facebook knows that we have an album coming. So it also was like premarketing.

4.3.5 After the campaign

When the fundraising period had ended, they concentrated fully on finishing the album. Aho says that the pressure to complete the album was immense. She says that they encountered some setbacks due to personal reasons, and they had already agreed a date for an album release party. Soon they noticed that they could not release the album according to the promised schedule. A ticket to the concert had been used as a reward for the campaign, and therefore the concert had to be organized even without the ready album. They were afraid about the reaction of the supporters, but the concert turned out to be well received, and people did not express negative feelings even though the album was delayed.

The original record release date was in August 2014, and eventually they promised that the funders would get the album by the end of the year. However, there were more delays and the release was postponed even further. Following the setbacks they experienced a major crisis at the end of the year, and were considering terminating the album production and returning the money to the funders. Despite the setbacks they decided to proceed with the album project.

Still, for their surprise, they received very little criticism about the delay, and they say only one or two complaints occurred. Finally, in June 2015 they were able to post the finished records to the funders, who were happy to receive their rewards. However, so much time had passed that some albums could not be delivered due to a changed address, and a new address could not be received.

The setbacks were announced on an exclusive Facebook group, which was started to keep to funders up to date. Also emails were sent to announce the latest turns of events. The communality was also important in this campaign, and they have maintained contact with the supporters also after the campaign.

The women found that positive effects of crowdfunding clearly exceeded the negative ones. The campaign brought Kuunkuiskaajat funding to make their second album, musical freedom to make an album on their own terms, many kinds of cooperation possibilities, and it expanded and strengthened the community around the band. The campaign also served as a great marketing campaign for the album. Through the campaign, they report learning about social media marketing and about making a self-release album.

They say that the only negative side was the pressure of delivering a finished product to the funders, while encountering production setbacks. Altogether, they state that experience of producing a crowdfunding campaign was extremely positive.

4.3.6 Future prospects

The band is in a good situation. They have the record ready and own the master tapes and all the rights to it, meaning that they are entitled to a larger share of the income than under a traditional recording contract. The album has not been officially released yet, except for the copies sent for the funders. They are planning to release it through their own label in year 2016, and they are buying services from another company for the distribution. This requires further investment.

When it comes to using crowdfunding again, the women initially state that it would be difficult to imagine. They would consider another campaign, but only for Kuunkuiskaajat, not in other circumstances. They predict that the preconceptions towards crowdfunding among the audience would not be as strong as they were in this campaign, and it is likely that the same people would participate again in funding the campaign. The possibility of a future campaign also depends on the overall success of Kuunkuiskaajat, and if they continue to release their music independently or through a bigger label.

5. CASE COMPARISON AND ANALYSIS

In this chapter, the crowdfunding campaign experiences will be compared with each other and analysed, to identify common and differing experiences.

5.1.1 Background & reasoning for crowdfunding

As stated earlier, the starting conditions were slightly different for each of the artists. JPTH was a starting artist who sought funding for their debut album. EFA was also seeking funding for a debut album, but the band leader Tomi Salesvuo had more than 20 years of experience as a professional musician, has had success with his other bands, and is well connected in the music business. He also has a production company and the record was to be the first release of his own record label. Kuunkuiskaajat had already released one album and were looking for funding for their second album. In addition to the first album, they had visibility through the Eurovision Song Contest and were known for their work with Värttinä.

Table 2. Background and reasoning for crowdfunding

	JPTH	EFA	Kuunkuiskaajat
Background	<ul style="list-style-type: none"> - Debut album - Some previous recordings 	<ul style="list-style-type: none"> - Debut album - No previously recorded music - Salesvuo's long career in music - Also other well known musicians in the band - First record on his own label 	<ul style="list-style-type: none"> - Second album - Band known from Eurovision Song Contest - Previously known as members of Värttinä - Also international fans
Reasoning for crowdfunding	<ul style="list-style-type: none"> - Freedom of decision - In line with values - No interest from labels - Novelty of the method - Brings other advantages along with funding 	<ul style="list-style-type: none"> - Extra funding - Interest in crowdfunding and its other aspects 	<ul style="list-style-type: none"> - Freedom of decision - Unproductive negotiations with record labels
Other funding sources	<ul style="list-style-type: none"> - No other funding 	<ul style="list-style-type: none"> - Own money - Instrument partner 	<ul style="list-style-type: none"> - No other funding

Apart from funding the record, the motivations for making a crowdfunding campaign were slightly different in each case. Starting the project with a record label was either not possible (JPTH), or they found producing the album as a self-release more convenient (EFA and Kuunkuiskaajat). Curiosity towards a new way of fundraising was also an important motivator. Idealism played an important part for JPTH, as they considered it extremely important that the album is made based on the demand from the audience. Freedom of decision, meaning that the record could be made on their own terms and maintaining their artistic views, was also important for the interviewees.

The study does not include data about the fan base, but in all of the cases there already was an existing group of followers before the campaign. Kuunkuiskaajat clearly had an advantage with previous reputation, which allowed them to communicate for a larger audience.

JPTH and Kuunkuiskaajat had the campaign as the only income for producing the album. EFA was the only one with other funding channels in addition to crowdfunding.

5.1.2 Planning

In all the cases, the campaign teams for planning and execution consisted only of two or three people. In addition to the core campaign team, there often were other people involved in separate tasks, such as video editing or graphic design. The personal networks of the campaign owners were important. For example for graphic design, the interviewees managed to outsource the design work to a professional for little or no financial remuneration. The basis was that the service provider's favor would be returned on another occasion with another service.

JPTH reports more effort in planning the campaign, which is understandable, since they were conducting one of the first crowdfunding campaigns on Mesenaatti.me. The project was more of cooperation with Mesenaatti.me. The preparation for the campaign was hastier with EFA and Kuunkuiskaajat. The campaigns were conducted on a tighter schedule and more casually. The communication was more spontaneous and improvised.

None of the interviewees report making any systematic prospect research, identifying specific segments or targets. However, based on the interviews, in practise they were targeting existing connections, such as friends, family members, social media contacts and some existing company connections.

Table 3. Planning

	JPTH	EFA	Kuunkuiskaajat
Campaign team	- Heikkinen + two colleagues - Outside help for graphic design	- Salesvuo + wife	- Aho & Hytti - Outside help for video editing
Campaign preparations	- Online research - Advice from Mesenaatti.me - Audience survey - Media plan	- Advice from a friend - Examined other campaigns - Advice from Mesenaatti.me	- Advice from Mesenaatti.me
Prospect identification	- Facebook friends	- Relatives - Facebook friends - Existing company connections	- Facebook friends - Existing company connections
Campaign duration	1,5 months	6 weeks	2,5 months
Min. funding goal (€)	3500	2000	3500
Funding goal (€)	3500	4000	25000

The minimum funding goals were moderate. JPTH had only set the minimum goal, which was the lowest possible amount to produce the record. EFA was more conservative with the minimum goal, while Kuunkuiskaajat set their actual funding goal as high as 25 000 €.

5.1.3 During the campaign

The appeals for funding in all of the campaigns were mainly based on the premise of supporting the artist in making the record.

EFA's approach to appeal prospective funders was more pragmatic compared to the other campaigns. They were the only case with no earlier recordings, except for some videos from their concert. Therefore, Tomi Salesvuo clearly emphasised his artistic goals, past as a musician and involvement of other talented musicians. The message was that the album is going to be made, regardless of the crowdfunding campaign, but that they would appreciate the

support. Also demonstrating progress with updates of the collected amount of money was an important for them.

Table 4. During the campaign

	JPTH	EFA	Kuunkuiskaajat
Argumentation to appeal funders	<ul style="list-style-type: none"> - Support - Rewards - Demonstrating progress - Humor / personality 	<ul style="list-style-type: none"> - Pragmatic approach, need for extra funding to cover expenses - Introducing musical goals - Support - Rewards - Demonstrating progress 	<ul style="list-style-type: none"> - Support - Rewards - Humor / personality
Promotion / sales methods	<ul style="list-style-type: none"> Social media - direct contact - general appeals Gigs Media contacts Emails 	<ul style="list-style-type: none"> Social media - direct contact - general appeals - paid advertisement Emails SMS Media contacts 	<ul style="list-style-type: none"> Telephone - family & friends - companies Social media - direct contact - general appeals - paid advertisement - private group for funders
Challenges	<ul style="list-style-type: none"> - Media contacts - Obtaining rewards from the suppliers 	<ul style="list-style-type: none"> - Misconceptions on crowdfunding - Concern for obtrusiveness 	<ul style="list-style-type: none"> - Misconceptions on crowdfunding - Concern for obtrusiveness - Mistrust for online payments
Campaign progress	<ul style="list-style-type: none"> - U-shaped curve - Most active in the end 	<ul style="list-style-type: none"> - U-shaped curve - Most active in the end 	<ul style="list-style-type: none"> - U-shaped curve - Most active in the end

Juha Heikkinen threw in a lot of his personality, and has created a sort of a gimmick around his musical product. The wolf and rose is a recurring imagery to differentiate and is important for the communal identity. Wacky communication and a humane approach to interact with the community was the core of his campaign. Heikkinen seems more reserved on active personal selling, but maintains a significant presence on social media. JPTH's campaign sales technique concentrated on pulling instead of pushing. Building a collective identity was important.

Kuunkuiskaajat also used the support angle on their communication. They strongly presented their personalities as well. Videos were an important part of their communication, which allowed effective audiovisual communication. Also for the excessive promotion was an issue. Especially Aho felt that she had to overcome the shame and it was difficult for her to feel comfortable about promoting their work.

During the campaign, the interviewees noticed that some of the audience was either completely unaware or had negative preconceptions about crowdfunding. The concept and campaign purposes had to be explained in detail. The preconceptions have possibly emerged from news stories of earlier Finnish crowdfunding campaigns that faced legal problems, when the regulation was still unclear. Considering other challenges, JPTH reported struggling in engaging the media in a significant manner. However, their experience does not differ much from the amount of media attention in the other cases.

5.1.4 Campaign results

The results were similar in each case. Kuunkuiskaajat stand out from the others with a larger amount of funding. Other than money, all the interviewees report extended social media following and media visibility through the campaign as direct outcomes of the crowdfunding campaign. The crowdfunding angle was a significant factor in receiving the media attention, which could be due to the novelty of the phenomenon.

Table 5. Campaign results

	JPTH	EFA	Kuunkuiskaajat
Amount collected (€)	4626	Circa 3500	Circa 18000
Other outcomes	- Extended following - Media visibility	- Extended following - Media visibility - Enquiries about crowdfunding experiences	- Extended following - Media visibility
Funders	- 147 pledges - 50 % friends & family - 50 % unknown	- Friends, family & existing connections	- More than 50 % friends, family & existing connections - Eurovision fans
Media visibility	- Local newspapers - Online articles on music magazines	- Local newspapers	- Local newspapers - Online news

Media visibility was difficult to obtain in all of the cases. Small local newspapers and online publications were the only ones writing about the campaigns. Large media attention from television, radio and national news did not happen. The EFA campaign was covered largely by YLE, but only after the campaign, which did not affect the results. Generally, the media was not particularly interested in the bands as such, as they were interested in the phenomenon of crowdfunding.

Existing contacts, such as friends and family, account for a dominant share of funders in each case. Companies were important supporters as well, with large individual contributions. Obtaining funding from companies also required an existing connection.

Kuunkuiskaajat had a longer campaign time compared to the others two. Their logic about having more time collecting money proved effective. The others were happy with their campaign time, even though Salesvuo of EFA mentioned that if they would have had a longer campaign, they could have collected even more money. However, he reported stressing over the campaign as he had other work to do at the same time.

What stands out from the interviews, all the artists report that many funders declined from their reward, or did not appear to the event they had bought a ticket for. There might be many reasons for this, such as difficulty of refunds or inability to attend because of other duties, but it seems that people clearly had a philanthropic motivation to participate in the campaign.

Despite a lack of precise numeric data in funder statistics, also family and friends are clearly represented in the funderbase, based on the estimations of the interviewees.

5.1.5 Rewards

The rewards in the cases had common elements, often portrayed the personality and values of the campaign creators. Roughly, the rewards can be classified into two categories: Core business and experiences.

The core business rewards are products or services that generally belong to the business of the artist. In these cases, the purpose of the crowdfunding campaigns was to produce a record, which is a natural selection for a reward.

Usually, artists also organize a record release concert, which is another natural possibility for a reward. In addition, merchandise such as t-shirts has become an important source of money for artists. Only one of the artists used merchandise as a reward. As already mentioned earlier, JPTH had a clear vision for a distinctive imagery, which additionally builds the artistic image.

Table 6: Types of rewards

Core business	Experiences
- Record - Concert ticket - Merchandise - (Private) Concert - Bundles	- Personalized services - Fan / VIP packages - Credits

The experience category includes rewards, which are not as concrete as the core business rewards. The rewards such as the JPTH’s “nordic walking tour”, Kuunkuiskaajat “video greeting” or EFA’s “VIP concert package” including a meeting with the band, are services specifically tailored for the crowdfunding campaign. They are unique, and there is no other occasion to get the experience. The production costs are low but the price is high, leaving a relatively large profit margin. These rewards utilize the personality of the artist, in a creative way. These rewards are targeted to those fans that want to engage with the artist or associate themselves with them.

By bundling two or more rewards, the artists increased the selection of rewards and easily provided higher levels of pricing for those supporters who wanted to contribute more to the campaign. All the campaigns included the record in various bundles, which makes sense, as the purpose of the campaign is to fund the record. Also funders in all campaigns were specifically asked to help producing the record, therefore supporting the campaign and not having the record in return would seem unusual.

All the campaigns had a large range of prices for the rewards. This allows the funders to select a desired amount of money according to their capability to pay and will to help. Although the interviewees have not identified specific target groups, they managed to serve different segments, by introducing a large selection of rewards with varied pricing.

5.1.6 After the campaign

In addition to funding, the interviewees identified many other benefits from crowdfunding. They all stated that the positive outcomes clearly exceeded the negative ones.

Marketing benefits were evident. The crowdfunding campaign gave the artists a reason to talk about the upcoming album for the whole campaign time. By the time the record was released, there was a significant awareness about the album already. They also reported increased social media following. All the interviewees mentioned creating communality around the band or engaging fans as a clear benefit.

The interviewees also report a number of unexpected opportunities following the campaign. They have been asked for interviews regarding crowdfunding, to give lectures and other advice about crowdfunding. They also report new business contacts and opportunities.

Table 7. After the campaign

	JPTH	EFA	Kuunkuiskaajat
Benefits	<ul style="list-style-type: none"> - Creating "buzz" - Communality - Marketing and PR values - New learnings - Testing and piloting a new concept - New contacts 	<ul style="list-style-type: none"> - Engaging supporters closer to the artist 	<ul style="list-style-type: none"> - Marketing value - Communality - Artistic independence - Retaining rights to the master recording - Many records already sold - New learnings - New opportunities for cooperation
Disadvantages	<ul style="list-style-type: none"> - Large workload - Not efficient 	<ul style="list-style-type: none"> - Stressful - Possible irritation of promotion 	<ul style="list-style-type: none"> - Pressure to deliver - The challenges of a self-release - Large workload
Learning outcomes	<ul style="list-style-type: none"> - Crowdfunding - Music business - Marketing 	<ul style="list-style-type: none"> - Perseverance in promotion 	<ul style="list-style-type: none"> - Social media marketing

Retaining the rights to the master tape is an important advantage, if the artist is able to utilize it properly. In digital distribution, aside from the service provider's fee, the artists can keep all the income, without middlemen. Also in case they want to make a deal with a record label for printing another edition of the album, they are entitled to a larger share of income compared to a "traditional" recording deal.

The negatives aspects included large workload in general and in relation to the money gained, stress and pressure, and challenges of making a self-release. The challenges are related to the increased amount of work, which if signed on a label would be done by the record company. The time needed to do all the campaign tasks, as well sometimes simultaneously working on the record itself were considered a significant negative aspect on crowdfunding. Kuunkuiskaajat, who collected a larger amount and also sold more records as reward, had a huge task in posting them to the funders.

The interviewees also reported learning a number of new skills during the campaign, including improved skills and knowledge in crowdfunding, music business, marketing, importance of perseverance in promotion, social media marketing and about making a self-released album.

5.1.7 Future prospects

EFA and Kuunkuiskaajat are actively trying to reap all the benefits from the record, by negotiating with other companies for distribution. EFA attempts to move to the European markets and Kuunkuiskaajat will soon release their album to a larger public.

At the time of the original interviews, all the interviewees were hesitant about using crowdfunding in the future. Clearly the campaign is a straining process, requiring a large amount of work. Also the artistic side consumes a lot of energy, and the double role as an artist and a fundraiser is demanding both physically and mentally. Also, the uncertainty of another successful campaign is a hinderance, since there is not much experience of such activity in recording business. Naturally, the artists would rather concentrate on their art and let dedicated professionals take care of the business side.

As already mentioned, EFA is going to launch another crowdfunding campaign for their second album. The first crowdfunding experience was a positive one, and apparently the circumstances are again favourable for another campaign. Crowdfunding has generally become more popular, and regular people have more knowledge about it, which could facilitate recreating their previous success. The experience gained during their first campaign, knowledge about crowdfunding, and an extended fan base could result in an even greater success.

6. CONCLUSIONS

The experiences of the campaign creators in this study were very much in line with earlier studies about crowdfunding:

- The role of family, friends and social circles as campaign backers was especially evident in this study, and is also supported by findings of Agrawal et. al. (2015), Kuppuswamy and Bayus (2013) and Esposti (2014).
- As benefits of conducting the campaign, the interviewees mentioned raising funds, expanding awareness of work and maintaining creative control. Additionally, the campaign creators say that they extended professional connections and learned new skills. All of these were mentioned in a study of Gerber and Hui (2013).
- The U-shaped curve (Nelson, 2013; Kuppuswamy & Bayus, 2013) describes the campaign progress in every case. In all the cases, the start and the ending were described as the most active funding phases.
- As negative aspects, the interviewees mentioned time consumption, which Gerber and Hui (2013) also mention.

However, there are some other findings I would like to point out, which I consider to be especially interesting.

6.1 Cult of personality

Personality, personal communication skills and personal networks are outstanding issues in the study. The interviewees reported on many occasions, that they had to present a large amount of their personality into the campaign. In order to gather funding, they needed to appear likeable and trustworthy, and raise sympathy in the audience. Seppälä (personal communication, August 26, 2015) refers to the importance of the campaign owner's personality, and

Schoffler (2014) emphasises communications skills and personal contacts. In fundraising literature Seiler (2010c, p. 43) states that personal communication and donor cultivation are essential to draw large donations.

Personal networks are evidently valuable, and can have a substantial impact on the quality of the campaign. The networks are not only valuable because of larger pool of potential funders, but also for assistance in creating the campaign. The campaign itself has a considerable amount of work in it. The campaign video, texts, press releases, among other things, require hours of work and also expertise. With a shoestring budget, outside help is difficult to find, but exchanging services saved the campaign creators substantial amounts of money. Especially when the collected sums are fairly low, circa 3000-5000 €, paying standard fees for graphic designers or video editors would have cost a large chunk of the raised funding.

Also the fact that people gave money but did not want anything in return, or gave more money than what the reward was worth, tells that people liked the idea of the campaign and trusted the person. Rosso (2010a) talks about the role of values in fundraising, and that people are essentially supporting the values of the organization they are donating funds to. Therefore, identifying and communicating the values is a crucial task also in crowdfunding, because people are willing to support also just for altruistic reasons.

6.2 Overcoming preconceptions, negative attitudes on selling and Finnish cultural issues

All the interviewees expressed caution over excessive promotion and exposing themselves in relation to money. Seppälä (personal communication, August 26, 2015) specifically identified similar hesitance as a typical feature in Finnish crowdfunding. Gerber and Hui (2013) identified hesitancy to engage in public solicitation as a deterrent of conducting a crowdfunding campaign. Clearly the issue is not exclusively a Finnish problem, but it can still be considered as an important feature in Finnish crowdfunding.

In independent record production, the artist has to assume a double role and administer also the financial side. This may be a new situation for a musician. Entrepreneurial skills are very important in crowdfunding and any shame over talking about money or promoting the work must be overcome. Steinberg and DeMaria (2012, p. 51) also identified insecurity related selling as a possible hindrance for crowdfunding success.

In the end, the interviewees were able to overcome, or at least learned to ignore the awkward feeling caused by extensive promotion. The campaign was an intensive experience, and in order to reach the required amount of money, they were compelled to ignore the negative feelings towards selling. Most likely, repetitive promotion diminished the shame, and the selling became a routine.

Also the negative preconceptions about crowdfunding caused trouble. The interviewees reported occasions, when the prospects had preconceptions about crowdfunding, but eventually funded the campaign after receiving more information about the concept of crowdfunding. The audience needed to be educated and demonstrated clearly how the money will be used.

6.3 From one-to-one contact to building a community

The marketing benefits from making a crowdfunding project were significant. The artists managed to engage the fans with the album project already during the production. The fans were supporting the project, without even knowing what would the finished album sound like.

The cases demonstrate that a crowdfunding campaign requires an immense amount of personal commitment. The interviewees reported hours of writing personal messages to potential backers through Facebook. Social media is therefore also a significant medium for direct contact. Fundraising theories on section 2.1.3 emphasize the cultivation of a personal relationship.

As supported by Seppälä (personal communication, August 26, 2015) and Schoffler (2014), social media proved to be the single most important marketing channel for the campaign creators. Social media is an inexpensive and an effective method to reach larger masses frequently. However a lot of work and creativity is needed to create interesting content and compelling messages.

Communality was an integral value for all the cases. Social media allows direct contact with the followers, enabling formation of the community and also engaging the followers to an ongoing interaction.

The artists made extra effort to meet some of the funders personally. The popularity of rewards including a meeting with the artist shows that people are interested also in personal communication with the artists, which requires additional commitment from the artist.

The extended community of followers naturally increases opportunities for the artists. Especially JPTH reports an increase of private concert opportunities, which is a direct consequence of the extended community. The fact that the concerts are private events, such as weddings, tells that people are especially interested in the person.

7. DISCUSSION

The purpose of this research was to explore crowdfunding as a phenomenon, through the experiences of campaign creators in Finnish cultural context in the field of music.

The specific research question was:

- What kind of experiences did the campaign creators encounter before, during and after a crowdfunding campaign?

The research question was quite vague, and it allowed concentrating on multiple aspects of a crowdfunding experience. The results were not groundbreaking, as the gained information was similar to the existing research and knowledge on crowdfunding. However, this paper succeeded in providing a localized overview of crowdfunding from a perspective of a Finnish independent artist. In addition to the particular crowdfunding experience, this research provides also a brief glance into the reality of an independent Finnish artist. The Finnish music market is small, especially for slightly more marginal music styles. Financing is difficult to find, media outlets are difficult to reach, and the competition is hard.

A smart artist can create a loyal community that feeds itself and bears fruit to the artist in various forms. The community and artist's social network may provide services that are normally provided by the record company. The community may include professionals or enthusiasts in graphic design, video production or in other in beneficial areas. By exchanging services it is possible to access services that normally require a notable sum of money.

Particularly the case JPTH demonstrates an example of a modern form of musicianship, driven by the community around the artist. The functions of record labels and booking agents are replaced by online services that bring the artist closer to the audience and allow direct communication and feedback. People can contact and even book an artist directly through social media, and the artist can test the demand for a product by crowdfunding.

The interaction does not occur only between the artist and the people. The people in the community around the artist have a life of their own, and it is not limited to online environment. Word of mouth travels both online and offline. The community determines the success of the artist, and is the critic, the media and the gatekeeper, while never ceasing to be also the consumer.

Additionally, if the labels were not interested in the band before the crowdfunding campaign, there is a new opportunity after the campaign to convince the recording industry gatekeepers. With a finished product and an extended fan base after the crowdfunding campaign, there is a new opportunity to start new conversation about a recording deal. An established label can still provide expertise in distribution and promotion. The label no longer has to invest in producing the record, thus reducing their financial investment. In this situation, the artist now owns the master tape, and is entitled to a larger share of the income, compared to a traditional record deal.

7.1 Further Research

By organizing a crowdfunding campaign also for their second album, EFA are bravely exploring the possibility of making crowdfunding a continuous business model. There are already some examples of creating two successful crowdfunding projects on Mesenaatti.me. *Kotka Rankki Ohutta Yläpilveä* barely gathered the

minimum funding sum, but the band *Ukkosmaine* gathered over 6336 €, clearly exceeding their 5000 € goal. Therefore, research for using crowdfunding as a regular fundraising method would be recommended.

Another suggestion for further research, would be researching what kinds of rewards are being used on crowdfunding campaign. In this study, I roughly divided rewards into two categories: Core business rewards and experiences. When inventing rewards, imagination is the only limit. Basically, the cheaper the reward is to produce, the more potential profit there is. Pricing is also important, because there needs to be different categories to serve all the target segments. It would be interesting to research what kinds of rewards are successful and what is their margin for profit. One expensive reward may account for a large proportion in the total funding. It would be beneficial to study the significance of different pricing categories in crowdfunding, and who are the people buying different types of rewards.

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