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CHAPTER 1

What is Crowdfunding

CHAPTER 1 WHATIS CROWDFUNDING?

Crowdfunding

Syllabification: crowd·fund·ing Pronunciation: / 'kroudˌfəndiNG NOUN

The practice of funding a project or venture by raising many small amounts of money from a large number of people, typically via the Internet: musicians, filmmakers, and artists have successfully raised funds and fostered awareness through crowdfunding.



That definition makes crowdfunding sound pretty simple, doesn't it?

Crowdfunding, while a great option for many entrepreneurs, is always a lot of work. But don't let that discourage you. Like anything else in life, the best things tend to be the things you've worked hard to create.

Before we get into the details of how to build a successful crowdfunding campaign, let's talk more about what exactly crowdfunding is...and what it isn't.

What is Crowdfunding?

CROWDFUNDING

Crowdfunding is a way for entrepreneurs to raise money from the general public in relatively small amounts for a project or aspect of their business.

Crowdfunding is mostly done online and there are several websites dedicated to helping you do it.

These crowdfunding websites offer an opportunity to donate money to startups in exchange for rewards provided by the entrepreneur.

CROWDSOURCING

Crowdsourcing does not include financial contributions but instead focuses on bringing together the general public to collect ideas, feedback, advice, and knowledge to improve your product.

You can crowdsource a new piece, color, fabric, or silhouette that you'd consider adding to a collection.

Crowdsourcing is used to collect information in order to create a more useful and salable product.

Whether you're talking about crowdfunding or crowdsourcing, you're using the the concept of mass collaboration to make something happen. It really is a pretty cool concept.

While crowdsourcing is certainly useful, this book is focused on crowdfunding.

So let's jump in.

What is Crowdfunding?

In order to be successful with crowdfunding, it's important that you understand the different models and types of crowdfunding, how crowdfunding works, and what causes people to want to support a crowdfunding campaign.

There are four reasons why people, especially those you don't know personally, would want to support your business or project:



- 1. They care about the greater purpose of your business, your "why".
- 2. They care about the physical rewards or perks that you're offering.
- 3. They connect to the creativity of your campaign and want to feel like part of a community in supporting you.
- 4. They think your idea is worth investing in and are interested in profit or equity in your company.

Types of Crowdfunding



l. Donation Based:

People contribute money to a project (often one that is cause related) or business (often a non-profit) but have no expectation of any kind of reward or gain from making that contribution.

2. Donation/Reward Based:

People contribute money to a project or business with an understanding that they will receive a reward or incentive in return.

3. Lending Based:

Exactly like it sounds, people contribute money to a project or business with an expectation that the money will be returned. There are 3 types of lending based models (see next page)

4. Investment Based:

People contribute funds to your crowdfunding campaign and in exchange become one of two things:

- 1. An investor in your business, someone who has partial ownership.
- 2. An investor in the project, someone who receives part of the profits you make when you sell your pieces, but does not own any part of your company.

Crowdfunding Models



There are 3 types of lending based models:

- 1. A regular old lending agreement where you pay interest on the loan.
- 2. A forgivable loan where you don't have to pay it back if your business or project doesn't come to fruition.
- 3. A pre-sales concept where the contributor is "lending" you the money then get your pieces created. They will receive the piece once production is complete. In this case, the pieces are often offered at a discount in exchange for the wait time.

Once you choose one of the models listed above, you then decide on the type of campaign you want to launch. There are two types of crowdfunding to consider for your fashion business:

ALL OR NOTHING

If your crowdfunding campaign does not receive a pre-set minimum about of funds or orders (if you're pre-selling), then nothing gets made and no funds are accepted.

KEEP IT ALL

Even if your campaign doesn't reach your preset goals, you still receive the funds that were contributed.

So now that you know the basics around crowdfunding, let's get into what it all means and how to figure out if it's right for you.

CHAPTER 2

Is crowdfunding right for you

CHAPTER 2 IS CROWDFUNDING RIGHT FOR YOU

While crowdfunding sounds appealing, its really important that you fully understand what you're getting yourself into.

Here are four important things you must understand about crowdfunding.



1. It takes an incredible amount of work.

There is no magic wand. You will need to be prepared to spend time researching options, understanding stipulations, requirements, and expectations, creating publicity and promotion plans, demonstrating brand potential before any money is sent your way, and hustling your goods like your business depends on it.

2. There are no guarantees

That incredible amount of work we were just talking about? There is no guarantee that it will lead to success. One of the best thing you can do is remember that there are other perks like brand awareness and market research that should be worked into your crowdfunding campaign goals.



3. It alone can be a full time job.

Doing everything you need to do to acquire funding is a full time job all on its own. It requires research, hustle, and follow through that is completely separate from running your business.

4. Money doesn't solve all your problems.

Be honest with yourself, would you know what to do with the \$30,000 if it were handed to you? Beyond responding "Marketing", do you have a plan for those funds in order to maximize growth of your business and demonstrate return on investment for those who gave you the money? It's imperative that you know how to properly use the money you receive. It is smart to take the time to find a mentor before building your campaign.



Here are some things to keep in mind as you consider crowdfunding for your fashion business...



- Average successful crowdfunding campaign is around \$7,000 and lasts around 9 weeks.
- Campaigns that can gain 30% of their goal within the first week are more likely to succeed.
- There is a direct correlation between the number of outside links to a crowdfund campaign and its success.
- Social Media is a critical factor: for every order of magnitude increase in Facebook friends (10, 100, 1000), the probability of success increases dramatically (from 9%-, 20%, to 40%).
- Individuals ages 24-35 are much more likely to participate in crowdfunding campaigns; those over 45 are significantly less likely to back campaigns.
- Funding tends to skew male, so if you create menswear, you have an advantage. (But you can think creatively about this. If you have a lingerie line, perhaps one of the rewards is marketed as a gift from him to her).
- Those earning over \$100,000 per year are the most likely to invest in startups through crowdfunding.

Up until this point, you've probably been on the fence about whether crowdfunding is a good option for you. It will be beneficial to take a look at the pros and cons of crowdfunding your fashion business that you understand both the possibilities and the risks that you may encounter.

PROS

- It helps limit the financial risk of starting a business, creating a project, or taking up an initiative.
- It can really give a boost to your marketing efforts.
- You get feedback!
 Crowdfunding nurtures
 crowdsourcing about a
 product, service, or idea.
- There is an opportunity to pre-sell and create a following for your business or project before it even launches.

CONS

- You run the risk of overpromising and under-delivering; some people find it a challenge to meet the deadlines and produce the project as promised in the campaign, which can result in a negative company image.
- It requires a strong brand story and voice as well as an incredible product.
- There tends to be a lack of mentorship available than through more traditional angel investor-type funding channels

It's important to ask yourself some questions before deciding to start a crowdfunding campaign.

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1. Do I have the money to crowdfund?

Even though you're raising funds and can incorporate campaign costs into the goal, you still need to have the money to make that initial financial investment into building your campaign collateral.

2. Do I have someone I can talk to about the tax and legal ramifications of running a campaign?

You will need to pay taxes (10-30%) on your earnings. And, depending on the model you choose, you will need to understand what you're promising or giving away from a legal perspective.

3. Do I have production resources in place and ready for to go upon a success campaign?

You must be able to produce your products on time and on budget in order to make the campaign a success. Especially if the product is one your promised rewards.

4. Do I have logistics figured out?

You will need know how you plan to fulfill and ship orders; who will pack and ship them, and what will you pack and ship them in?

5. Do I know exactly how I'm going to produce my rewards?

You must make sure that you have the people and resources in place to create and ship your rewards on time and as promised.

6. Do I have the time to be successful with crowdfunding?

The time commitment that is necessary for a crowdfunding campaign is huge. You will need to dedicate yourself full time to preparing and promoting your campaign for a minimum of 45 days.

7. Do I have the network and community in place to have significant reach?

The fact is, a large majority of your financial support during a campaign is going to come from people you already know. The larger your network, the more established your brand, the stronger you mailing list and social media presence, the better your chance of success.

While these things probably sound a little overwhelming, they are realistic. Without spending the time to build the infrastructure that will enable you to answer "yes" to those questions, your likelihood of success is really slim.

CHAPTER 3

Choosing a crowdfunding platform

CHAPTER 3 CHOOSING A CROWDFUNDING PLATFORM

Once you've decided that crowdfunding is the way to go, you will need to consider the right platform for you. Here are some questions you want to ask yourself before jumping in:

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1. Why would anyone support you?

This is the biggest question of them all. You have to fully understanding the meaning and purpose of your brand and define your story before making any other decisions about your campaign.

2. What are you raising money for?

Be specific here. Are you raising money to build your website? Are you raising money to participate in a fashion runway event? Are you raising money to produce your next collection?

3. How much are you planning to raise?

If you are only looking to raise a very small amount, then you may want to choose a donation based model.

4. How big is your network?

Can you count on your network alone to raise the funds, or do you need to tap into a larger community to do so?

5. What type of rewards can you offer?

Will you have tangible rewards to offer? Or will you focus on experiential rewards?

Most Popular Crowdfunding Models

Today, there are over 1,500 different crowdfunding platforms, and while most of them are for general purposes, niche crowdfunding is rapidly growing.



KICKSTARTER

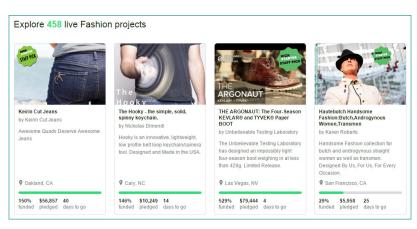
- Website: https://www.kickstarter.com/
- Global web traffic rank: 775 (By alexa.com)
- All or Nothing Campaigns (AoN)
- Success rate: average: 43.40%
- Fashion Projects Success Rate: 29.15%

PROS

- Kickstarter is the highest ranking crowdfunding platform, based on web traffic.
- Kickstarter has the highest success rates amongst projects.

CONS

- If you fail to meet 100% your funding goal, you will not receive the funds.
- Kickstarter has acceptance rules that are stricter than other platforms.



Most Popular Crowdfunding Models



INDIEGOGO

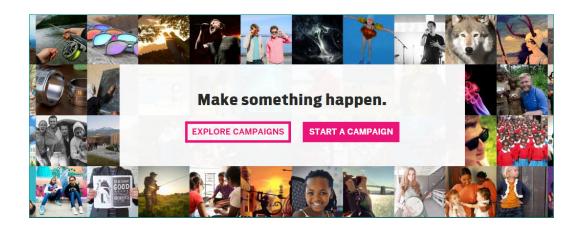
- Website: https://www.indiegogo.com
- Global web traffic rank: 1875 (By alexa.com)
- Keep It All (KiA) Campaigns
- All or Nothing Campaigns (AoN)
- Success rate: less than 10% of projects reached 100% of goals

PROS

- IndieGogo is the second highest ranking crowdfunding platform, based on web traffic.
- IndieGogo offers the option to keep what you get, so even if you fail to meet 100% your goal you can still receive the funds that you managed to raise.

CONS

- There are lower overall success rates than Kickstarter.
- Keep It All campaigns have higher transaction fees.



Other Popular Crowdfunding Models



ROCKETHUB

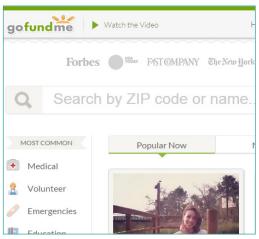
- Website: http://www.rockethub.com/
- This platform is best for artistic and idea based projects.
- They have a partnership with the A&E Television Network.
- If you reach your goal on this platform, there is a 4% commission fee + 4% credit card handling fee. If you don't reach your goal there is an 8% commission fee + 4% credit card handling fee.
- Success rate: 11%



GOFUNDME

- Website: http://www.gofundme.com/
- This platform allows you to receive donations for anything you want.
- · Success rate: not applicable since you keep what you get





Fashion Specific Crowdfunding Platforms

These platforms are great for those designers that are focused on production needs for individual pieces or full collections.



WOWCRACY

- Website: http://wowcracy.com/
- Best for: Wowcracy is a UK based company and they have a strong presence in Europe. If you don't want to deal with shipping, this platform is best, as they provide this service. This crowdfunding platform also allows fashion designers to use "experience" based reward levels to raise funds. All or Nothing campaigns.
- Fees:10% or 20% if Wowcracy takes care of shipping (these include payment fees)



BEFORE THE LABEL

- Website:http://beforethelabel.com/
- Before the Label takes care of shipping to funders/ customers. All you have to do is create the products and ship them to the Before the Label New York office.
- Fees: 10% + Stripe fees

Did you know?

In the past 5 years, reward based crowdfunding has been growing at a compound annual growth rate of over 524%?

Fashion Specific Crowdfunding Platforms



LUEVO

- Website:https://www.luevo.com/
- Luevo is best for launching full collections or if your brand will be represented at fashion weeks.
- The Luevo model offers a full suite of marketing services in partnership with fashion weeks.
- Fees:15% + Payment fees



PLUMALLEY

- Website: https://plumalley.co
- Plum Alley partnered with Flexcel, a company that focuses on pairing businesses with professionals looking for flexible work and projects, to offer an array of support services, such as a campaign assistant, marketing and public relations, budgeting, and video production. If you need any of these services, they are easily available to you at an extra cost.
- Fees: 5% + WePay fees



BETABRAND

- Website: http://www.betabrand.com/
- Beta Brand is best for when you just want to submit a design or an idea, allowing consumers to vote on your design first, and if it receives enough interest then it is accepted as a crowdfunding project.
- Fees: Designers that submit ideas or drawings will receive a commission between 2.5% and 10% of sales on Betabrand for 2 years.

Choosing the Right Platform

Which platform should you use?

We shortlisted a handful of platforms that sound interesting to you. Look at the type of campaigns that have been successful on each of those platforms and try reaching out to some of those successful brands.

Read the terms and conditions, guidelines, and other fine print for each platform so that you fully understand what you're agreeing to.

We created a table to help you decide, based on your business:

	KICKSTARTER	INDIEGOGO	ROCKETHUB	GOFUNDME
I want to raise a large amount of money (hundreds of thousands of dollars)	BEST	OK	ОК	+
I can only complete my project if I meet my goal	BEST	OK		
It's OK if I don't meet my goal, I can use the money that I get for my project		OK	OK	BEST
I only have an idea, but I need help financially to get it started		OK	OK	BEST
I have product samples, I just need money to manufacture them	BEST	OK	OK	
I have a solid network of friends that can help me raise the money	OK	OK	ОК	BEST



For a more detailed list of crowdfunding platforms and their fees please download our Google spreadsheet **HERE**.

CHAPTER 4

Preparation For Your Crowdfunding Campaign

CHAPTER 4 PREPARATION FOR YOUR CROWFUNDING

Now that you've researched the various platforms available to you and chosen the one that's most suitable for your business and goals, it's time to start preparing for the campaign.

There are five main steps that will need your focus and creativity:



- L Creating Specific Campaign Goals and a Detailed Budget
- 2. Perfecting Your Pitch and Telling Your Story
- 3. Building Infrastructure, Systems, and Templates
- 4. Choosing a Variety of Exciting Rewards
- $ar{5}$ Developing the Campaign Collateral



The best preparation for good work tomorrow is to do good work today.





Preparation for Your Crowdfunding Campaign

Before you get started on creating your campaign, spend some time on research.



- Look for successful crowdfunding campaigns that are within your goal range; analyze their storytelling approach, video, product images, rewards, and overall message.
- Find interviews with the people who have run a campaign (both successfully and unsuccessfully) and learn from their successes and failures.
- Seek out mentors that want to guide you through this process; whether it's the campaign itself, or leveraging the campaign to build your business.
- Make a list of forums, groups and Facebook pages, and other online communities where you can post your campaign once you've launched it.
- Create a spreadsheet of all the bloggers and journalists that could possibly be interested in your story and what angle would be of the most interest to them.
- Create a spreadsheet of your personal contacts, to whom you will send personalized emails.

Step One:

Creating Specific Campaign Goals and a Detailed Budget

At this point, you should have a good idea of what your business goals are for the campaign. Whether you're looking to fund a new collection, purchase a piece of equipment that will improve the product, or any number of other ideas for growth, you must determine the financial goal that will support the business goal.

When you determine what your funding goal is, you have to account for all your incurred costs. The first thing that a lot of project creators look for are the fees. That's important, but don't stop there.

There are a lot of costs to consider when planning a campaign...

\$

Fees

Crowdfunding platforms charge a fee for using their services, and typically it is a percentage from the funds you raised. These fees vary, from 4% to 20% and they might not include payment processing fees around 2.9%-4% (such as Paypal or Stipe).

Be aware that no platform is free to use. Some that claim they are free will charge your backers a fee.



For a more detailed list of crowdfunding platforms and their fees please download our Google spreadsheet **HERE**.

Step One:

Creating Specific Campaign Goals and a Detailed Budget

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Marketing, Public Relations, and Advertising Costs

In order to promote your campaign you will need to have strong marketing, public relations, and advertising tactics. Some are free such as reaching out to friends and family, planning social media marketing, and encouraging word of mouth.

However, you will have to budget for:

- A graphic designer to create digital flyers and other promotional design work
- Tweaks to your website (if you don't know how to do it yourself) to place your campaign front and center
- Printing marketing materials
- PR distribution fees
- PR agency costs (can be as high as \$10k per month)
- Advertising (charged as pay per click or pay per engagement on facebook, twitter and google advertising).



PRO TIP

Keep your marketing & PR costs low by create "buzz" through your personal network. Don't be afraid to ask them for help. Most people will gladly share your project within their own networks, especially if they believe in you!

For a list of PR distribution sites and their fees please download our Google spreadsheet **HERE**.

Rewards Production Costs

You have to calculate how much will it cost you to produce one reward for each type of reward you are offering.

If you having a limited edition t-shirt printed, how much is the shirt, the screen printing, the shipping, the taxes, etc.

If you're offering one of your own pieces as a reward, what is the cost for patterns, samples, production, shipping, packing materials, labels, branded materials like business cards or postcards to add to the shipment, etc.

Account for everything. For every reward, determine the cost based on the quantities you are hoping to get. Do both a **worst** case and best case scenario.



PRO TIP

Try giving out intangible rewards, such as experience or recognition based, these don't necessarily cost anything and don't need to be shipped or packaged.

\$

Professional Services Fees

There are professional services that can help you with your campaign management. You can hire a campaign manager or pay for only the services you actually need, such as marketing, public relations, financial planning, customer service, accounting and taxes services.



PRO TIP

Some platforms offer these as add on services, look at the different packages you can get to make you campaign a success.

Campaign Production Costs

To create your campaign you will have costs for video production and product photography.

Must-Know Fact: projects with videos outperform those without videos by 125% Videos are key to successful crowdfunding campaigns, and beautiful, detailed imagery makes all the difference when you are pre-selling your products. For a good quality professional video production it will cost you around \$3,000.



PRO TIP

If you had to choose where to budget a little extra, video and product photography would be your best investment.

\$

TAXES

When budgeting and determining your funding goal you need to ensure you can cover the income taxes you will have to pay on the funds raised. Also, if you are pre-selling your products, you may have to pay sales taxes as well. Understanding the in's and out's of taxes owed is the reason you need to include the cost of accounting services!

\$

Additional and Unforeseen Costs

Make a list of all the things that you could need to get your campaign prepared. You might have to rent space to shoot the video or you may need to cover transportation for your photoshoot. If you plan to include photos with models you'll need to pay for models, makeup and hair professionals, and snacks and water if it's a long photoshoot.

You might have to take time off from your day job, that is also a cost you will incur.

Step Two:Perfecting Your Pitch and Telling Your Story



The single most important that you have to remember when it comes to developing you campaign is that..

People will back your project only if they believe in you, the project owner. You are the story behind your project and your brand.

The most common mistake that designers tend to make, is that they confuse a bio with their story.

Yes, it's great that you have credentials and you should absolutely use those in your advantage. But remember, a degree from Parsons is not what makes you unique.

So then, what is it?

Tell your fans the story of becoming a fashion designer. When and how you first started, what motivates you everyday. What were some of the hardships you went through and how this crowdfunding campaign can help you surpass them and accomplish your dreams.

You have to emphasize your "why". Why do you do what you do? If you can communicate that in a way that people care about, you've cracked the code on effective storytelling.

Step Two:Perfecting Your Pitch and Telling Your Story

Here are 10 questions to guide you through the process of defining your story:



- Why do you do what you do?
 (The answer has to be more than "I've wanted to be a designer since I was a kid.")
 - $\frac{2}{2}$. What are your values and beliefs as a brand?
- 3. What hurdles have you faced as you've tried to build your brand?
- 4. How have you overcome those hurdles?
- Who is your target market? (everyone designs for the "modern and confident woman", but get to know your target audience more in depth, and really speak to their needs)

Step Two:Perfecting Your Pitch and Telling Your Story

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- 6. Why should anyone fund your campaign?
- 7. What are you going to do with the money you raise, how exactly is it goes to help you?
- 8. What is your design process?
- 9. Where do you source materials and where do you manufacture?
- 10. What are a few fun facts about you that can help to communicate your personality?



Remember that storytelling is exactly what it sounds like. A good story has a beginning, middle, and end with hurdles to overcome and solutions that helped them along the way.

Step Three:Building Infrastructure, Systems, and Templates



Crowdfunding campaigns can look a lot like mini businesses. Market research, branding, financial planning, marketing, promotion, and sales are all part of your campaign the same way that they are part of your business.

One area that can often be overlooked both in business and campaigns is infrastructure. **Operations** is something we tend to think of once it's too late to avoid mayhem.

Think about it, we launch and market our businesses, we see sales coming in, our businesses grow and, because we haven't put any kind of operations plan into place, things start to break. Customer service is lacking, packages don't ship on time, invoices are filed improperly, and the list goes on. You want to take the time to map out exactly what you plan to do each day during the campaign from the day of launch to the point of completion.

Note that "point of completion" is not the day your campaign closes but instead a few days after, once you've sent your thank you notes, which is still a part of your marketing, as it's tied into brand perception.

Creating systems and templates in advance of business growth is very important. Well, so is creating systems and templates in advance of your crowdfunding campaign.

Step Three: Building Infrastructure, Systems, and Templates

Take the time to create templates for all the communication that you will be doing prior, during, and after the campaign.

This includes:



- Email outreach to press
- · Email to family and friends
- Email to current customers
- Email to industry influencers
- Email to subscriber list
- Campaign page updates for backers and supports (including video clips, new images, milestones reached, press acquired, etc.)
- Tweets for before, during, and after launch
- Facebook post for before, during, and after launch
- · Pinterest board and pins for before, during, and after launch
- Instagram pictures for before, during, and after launch
- · LinkedIn updates for before, during, and after launch
- Thank you note copy for each level of supporters, whether funding or spreading the word

The more you can pre-create, the better. The more you can anticipate and create a system or process for, the better.

Step Four:Choosing a Variety of Exciting Rewards



You will have to create catchy rewards to gain the financial support of your backers. Create rewards that are attractive to different income groups and for different tastes.

Keep in mind that the majority of people will go for the cheapest tangible item that is most relevant to your campaign. A smaller number of people will spend more, but only if there is something of high value – emotional, experiential, or monetary.

If you already have products, you can use those as rewards. But don't limit yourself there. Introduce different reward levels that can bring in the support of groups outside of your target demographics.

Think about experiences that a backer would like to have or an emotional connection they may have to a topic or cause.

Consider giving backers a sense of ownership by offering a reward that names a piece from your collection after them or let them choose the color that will go intro production.

Be sure to offer limited time or early bird rewards to encourage early backing and be sure to increase rewards by small monetary increments; don't jump from a \$5 donation to an \$80 donation.

Step Four:Choosing a Variety of Exciting Rewards



PRO TIP

Leverage your relationships and connections (fellow entrepreneurs, artists, celebrities- you happen to know any!) to donate exclusive rewards in support of your campaign.



4 KINDS OF REWARDS TO WORK INTO YOUR OFFERING:

1. Recognition:

The most basic reward level, typically ranging from 1\$ to 10\$. For those backers with very limited financial resources, offer them recognition for their support. You can do this by sending a thank you email, adding their names to your website under a special "supporters" category or give them a shout out on social media.

2. Physical products:

You can create physical products to promote your business with and reward your backers with. Use your creativity and create keychains, t-shirts, hats and other small objects that can carry your trademark and that an be appreciated by your backers.

Step Four:Choosing a Variety of Exciting Rewards



3. Experience based rewards:

Let people experience different aspects of your business. For higher reward levels you could take them on a tour of your studio, or they can get a VIP pass to one of your fashion events.

You can also think about an experience that goes beyond just your brand. Can you fly them out to attend your NYFW presentation, offering them a night in NYC and dinner on you? This is where you think about those connections you have. Does you best friend do PR for a hotel? Is your sister the general manager of a hidden gem of a restaurant? Get creative!

4. Pieces from Your Collection (pre-orders).

Your own products make great reward. Offer your backers access to exclusive products or styles and use crowdfunding as a way of pre-selling your collection. Ensure that you can actually fulfill the pre-orders you receive by calculating all the costs and risks in.

Step Five:Developing the Campaign Collateral



Depending on the crowdfunding platform you choose, you will be able to upload product images, a video, images of you, your studio and other brand-driven imagery that you own the rights to such as your creation and production process.

Remember that images help to communicate your brand story. They demonstrate personality, aesthetic, and values so use them!

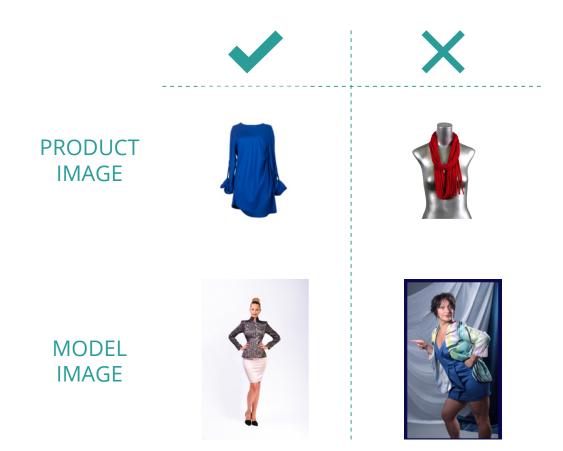
Have professional photo of your product and include as many detail shots as possible; fabric, trim, notions, lining, stitching, everything that demonstrate the quality of the work.

Be just as detailed with the images of the other rewards you may offer.

If you are using one of the fashion focused crowdfunding platforms, you will have the option of adding multiple images per reward. Use them!

Great product images have good lighting, and a white background. If you are using a model, make sure that you are using professional staff, and that the creative appeals to the right demographics.

Step Five:Developing the Campaign Collateral



When creating your **video**, work with a **professional** and use a script. Talk about the collection and share your story. Also focus on the rewards and sell them!

Work hard to keep the video under **3 minutes** and change the camera angle a few times in order to keep it dynamic.

Work with a **graphic designer** to create **high quality** graphics that you can use on social media, email, and your blog.

Do some research on copywriting techniques that drive sales.



PRO TIP

Use headlines and short sentences, speak directly to the backer, and have on strong call to action - FUND!

CHAPTER 5

Marketing Your Crowdfunding Campaign Before Your Launch

CHAPTER 5

MARKETING YOUR CROWDFUNDING CAMPAIGN BEFORE YOUR LAUNCH

Once you've decided that crowdfunding is right for you, picked a platform, and completed the pre-launch preparation of research, budgeting, and value creation, it's time to move forward with the pre-launch marketing.

Like any other aspect of your business, you will need to create a marketing plan. It's important that you have a plan in place for how you are going to get visibility for your campaign.



BUILD A BUZZ BEFORE YOU LAUNCH

Create your marketing plan in a spreadsheet and use tabs to break down your efforts into categories. For each category, list the task, the person who is responsible for the completion of the task, and the date by which it needs to be completed, date of outreach (if relevant) and date of follow up (if relevant).

Your marketing plan categories should include:

Your Website

Make list of the updates you will make to your website. They should include a landing page or updated home page with info about the upcoming campaign, and an email capture so people can sign up to be notified about updates. You'll also want to add a tab to the navigation bar that says something like "Pre-Order the Spring Collection", or "Be a part of something big". The goal is to use language that is enticing and exciting.



Your personal network

Make a list of your personal contacts, along with their contact information (most likely email but phone is great too!). This is place where outreach and follow up dates in your spreadsheet columns will be useful.

Your personal network should be everyone from mom to the fellow entrepreneurs in your mastermind group. These will be the people you email first. These people should not be mass emailed. Don't use your email marketing software for this.

Spend the time emailing your personal network individually and make every effort to begin the email with something that makes it clear to them that you are writing directly to them. Something like, "Hey Kate, it was great to see you again at the Women's Summit last week. I'm so glad we were able to catch up.", works well.

The goal will be to encourage friends and family to back your campaign early in order to create a strong start and instant momentum.

Social Media

Leverage your social networks to build excitement for your campaign before you launch. Direct people to your website landing page with email capture inviting them to be the first to know about your launch.



Media Outreach

Make a list of bloggers and online magazines that you think would be interested in writing about your campaign. Part one of media outreach is relationship building. Make a plan to begin building a relationship before you actually launch your campaign. The earlier you start this the better. Follow them on twitter, facebook, instagram, and pinterest. Subscribe to their newsletter, and comment on their blog. Share the content they are creating with your fans and followers and don't even think about trying to pitch yourself just yet.

Part two of media outreach is the actual pitching.

Once you've started to build a relationship with bloggers and editors, then make a plan to reach out to them about what you're doing. The information you've collected during the "getting to know them phase" will help you personalize your pitches.

Influencer Outreach

Make a list of the influencers in your industry, city, alma mater, clubs, or any other organizations that you may be a part of. Who are the people that seem to lead a community? These are the people you want to connect with. Think creatively here. It doesn't just have to be people in fashion. Maybe you're a member of an entrepreneurial group and the moderator or group leader is someone who loves to support fellow entrepreneurs. She may not be an influencer in the fashion industry but she's certainly an influencer in the entrepreneurial community.



Email Marketing

Make a list of the kinds of emails you plan to send throughout the course of the campaign. You should note when you plan to send them and in what order. Your emails should be personalized. Most email marketing software makes it possible to customize each email with a "Hi Name!" You should be sending a launch email, a half way there email, a one week left email, and a last chance! email. Make sure that you include the "Forward this email to a friend" button in the email so people can help you spread the word.

Events

Events are a multi-tiered kind of thing. Start by making a list of existing events that you want to attend and network with people who might care about your campaign Next, make a list of events that you may want to produce to promote your campaign. Maybe you want to throw a launch party (either live or online) where you include some kind of incentive for attendance. Or maybe you want to organize a meetup, panel, or discussion to bring together top industry people. Just be sure to make the event useful for attendees, not just a promotional event for you and your campaign!



Speaking Engagements

Make a list of industry events where you might be able to speak. This works if you're an expert in something or can share a distinct point of view on a topic. While this won't be direct pitching, it's a great way to build your network and make more connections with whom you can later share what you're working on.

Collaborations/ Cross Promotion

Make a list of businesses that are complementary to yours and with whom you have some kind of connection (perhaps a friend of a friend) with which you might be able to cross promote. Are you an handbag label? Maybe you could team up with a scarf designer to share via social media what one another is working on. Or maybe one of these businesses would want to coproduce one of the events on your list. The goal is to try to tap in more significantly to followers and fans of another business. In exchange for you doing the same for that business.



Blog Posts

Make a list of articles you post on your blog, when, and in what order. Blog posts should include pre-launch excitement, launch, halfway there, and last chance! Be detailed in planning the content (photo series capturing more of the production process or quotes/testimonials from excited backers or maybe fun mobile phone video clips asking each of your team members what they're going to do the minute the campaign closes and they have all that "free time" Ha!)

The more time you spend preparing your marketing plan and building a calendar around your efforts, the more you will get out of your campaign as a whole.

By being properly prepared and planning as much as possible, you are giving yourself wiggle room to get creative and respond to new ideas you have as the campaign progresses. It's worth the upfront effort to help keep everything moving as smoothly as possible.



Click **HERE** to access a pre-made Marketing Plan spreadsheet in Google Doc. Just hit "File", "Make a Copy", and save to your own Google Drive in order to edit!

CHAPTER 6

Marketing Your Live Crowdfunding Campaign

CHAPTER 6

MARKETING YOUR LIVE CROWDFUNDING CAMPAIGN



At this point you should be incredibly proud of yourself. A small percentage of people spend the time, energy, and money to prepare for a crowdfunding campaign with this much effort and detail. that's why a small percentage of campaign are successful.

So consider yourself one very large step ahead!

Now, that you've done all your planning and pre-marketed your campaign, you are ready to hit the "**Go Live**!" button.

Once you are launched, you'll want to distribute a new press release and email announcing the official launch to various PR distribution sites.

Use personalized emails to alert editors and bloggers of the launch and let your personal network know it's time! Remember to ask for their support, don't just allude to it.

Marketing Your Live Crowdfunding Campaign



Constant Engagement

You need to keep your backers engaged. Don't forget to show your gratitude to those who pledged and keep a positive and engaging voice throughout the campaign. You should have pre-planned updates that you wanted to add to the campaign page, remember? New photos, short casual video clips, quotes and testimonials from supporters, information on how much of the goal has been reached so far. The goal is always to make supporters (and potential supporters) feel like they are a part of the process; a part of something bigger than themselves, a part of something that matters.

Social Media

Social media is great to keep your backers informed but also to engage with new audiences.

Some crowdfunding platforms allow you to encourage your audiences to share the project by giving them extra rewards for doing so.

Facebook: use it to reach to your personal network and ask them to support you with a pledge or by sharing your campaign.

Twitter: use it to find and engage with new audiences and influencers. Make announcements about milestones achieved and when you are getting closer to your funding goal or towards the end of your campaign.

LinkedIn and Google+: make similar type of announcements in interest-specific groups.

CHAPTER 7

What To Do After Your Campaign Has Closed

CHAPTER 7

What To Do After Your Campaign Has Closed



There are two scenarios that you could be facing at this point in time. The first one, which isn't as appealing, is an unsuccessful campaign. If this is the case, you want to spend some time reflecting on what you might have been able to improve or change in order to reach your financial goals.

But in addition to that, you want to also remember all the great things you accomplished that weren't financial.

The benefits include:

- Brand recognition and awareness
- Relationships with press and bloggers
- · Relationships with influencers
- · Feedback on your business, idea, and/or collection

The second scenario is the ideal one. You've successfully funded your campaign! It's a great feeling and you should take a minute to celebrate. But "a minute" is pretty spot on.

Now that you've funded your campaign, it's time to get to work. You thought you were done, didn't you?

What to Do After Your Campaign Has Closed

Once you've received your funds from the platform you're working with, get the ball rolling on:

- Sending out the thank you notes that you have already prepared
- Creating and/or implementing the rewards that you promised
- Meeting with your mentor(s) to review and discuss the campaign and any feedback
- Producing the collection or project that you were raising the money for
- Write a blog post about your experience
- Write a more professional article about your experience and pitch to relevant press as a contribution
- Update your website with any new press you received along the way
- Document your post-campaign process via photos and video to share with supporters and your community as a whole.

Now, go get started!

ADDITIONAL RESOURCES

Campaign Tools and Templates and I nterviews with Designers Who Launched Campaigns

PRE-LAUNCH CHECKLIST

 Place a check-mark next to the action items
Set up any social media channels that you are not currently on
Decide on you campaign launch date
Create your budget
Create your marketing plan
Create your templates
Write a press release and distribute to PR outlets
Finish your copy, story, video, and photos for the campaign
Send an email to your friends and family, showing them a preview of the campaign and asking for feedback and critique
Implement your launch event plan (assuming you have one)

SOCIAL MEDIA TOOLS

TOOLS

COLIBRI Website: https://colibri.io



HOW TO USE IT: Find out relevant conversations and content online, and engage in order to increase traffic to your campaign. Free trial available.

SNIPLY Website: http://snip.ly/



HOW TO USE IT: Use it to drive traffic to your campaign by leveraging others' content. Free trial available.

BUZZSUMO Website: https://app.buzzsumo.com



HOW TO USE IT: Find influencers and relevant content to your brand. Free to use.

HOOTSUITE Website: https://hootsuite.com



HOW TO USE IT: Manage your social media channels in one place. Schedule content and engage. Free to use.

TOPICURIOUS Website: http://www.get-topicurious.com/



HOW TO USE IT: Find relevant and popular hashtags. Free to use.

SOCIAL MEDIA SAMPLE POSTS



SAMPLE TWEETS/ FACEBOOK POSTS

Help me fund my fashion line (shortened link). Your support and RT are really appreciated!
I'm raising money to (launch my fashion line, produce a runway show); days to go! You can support me here: (shortened link)
We're so close! Support our #crowdfunding campaign and help make our dream come true: (shortened link)
We just launched our first #crowdfunding campaign. Your support means the world to us. Get involved: (shortened link)
We need your support, every bit helps!: (shortened link) #FundFashion
Only days left to join our #crowdfunding campaign! Support #IndependentFashion
Our campaign is live! Help us reach our goal by (date): Please RT to spread the word: (shortened link)
Check out the incredible rewards we have for our #crowdfunding campaign: (shortened link).



Personal Contacts/ Friends and Family Email Template

Hey (name),

It was so great seeing you at the Fashion Entrepreneurs brunch last week. (*change this accordingly*)

I'm writing to tell you about something I've been working on. My line, (*name of brand*), is getting ready to launch a crowdfunding campaign to raise (*dollar amount*) for our first ever runway show. I'm really excited about this project as it will help me to build my brand and take my business to its next level of growth.

I would really appreciate your support; whether through a contribution, spreading the word through social media, or providing some feedback on the campaign. Your early involvement will help to ensure the success of our campaign. The campaign goes live on (*date*) and that out-of-the-gate momentum is crucial for us!

Here is the link to our campaign (not yet live):

Your feedback and support would be greatly appreciated.

Thanks so much!

Name



Media/ Blogger Email Template

Hi (*name*),

My name is (*fill in*) and I've been a big fan of (*media outlet*) ever since you wrote about (*fill in an article you truly enjoyed*). I want to introduce my brand (*name*) and tell you about our latest project. On (*date*) we will be launching our crowdfunding campaign on (*which platform*) to raise (*dollar amount*) for (*project*).

I know you must get a lot of requests for support, so here are a few reasons why I believe our campaign would make a great story for your readers!

- List reasons: #1, #2, #3

Here is a *link* to our media kit for this campaign, which includes our video, hi and lo res images, and press release, and some testimonials from our current customers.

If you're interested in writing about our project (which I would really appreciate!), please let me know what I can do to make the process as easy as possible. I'm happy to email you anything additional collateral or jump on a call if that's easier for you.

Thanks for your time,
Name
Phone number
Website



Campaign is Live - Personal Contacts

Hi (**name**),

I am really excited to let you know that our crowdfunding campaign is live! Our team has worked really hard to make this happen and we need all the support we can get. Please help me raise (*dollar amount*) by (*date*) by contributing financially, sharing on your social media platforms, or forwarding this email on to people you think would love to get involved. We have some pretty awesome rewards for contributors!

Here is a link to our campaign:

(insert link here)

Thanks so much in advance!

Name



Campaign is Live - Media Follow Up Email Template

Hi (*name*),

I'm following up on my previous email about my brand's campaign to raise (*dollar amount*) for (*project*) by (*date*). We have recently gone live and would really appreciate your support.

Here is the link to our live campaign:

(insert link here)

Here is a link to our campaign media kit:

(insert link here)

Please let me know if I can answer any questions. I hope to hear from you soon.

Many thanks!

Name



VERY IMPORTANT NOTES

Personal Contacts/ Friends and Family Email Template

Make this email personalized, not just with a name but with a reference in the first line that makes it obvious this email was created specifically for the recipient!

Media/ Blogger Email Template

It's becoming harder and harder to get media to pay attention to campaigns, so be sure to make this email as personalized as possible.

Campaign is Live - Personal Contacts

As always, make this email personalized!

Campaign is Live- Media Follow Up Email Template

Keep it short and to the point.

Project Budget Template

\$ | MARKETING COLLATERAL

Event production

Video

Photography

Copywriter/editor

Branding help/storyteller

Thank you notes

Graphic designer

Web designer

* PROFESSIONAL SERVICES

Lawyer

Accountant/tax professional

\$ ADVERTISING

Google ads

Social Media: Facebook ads and Twitter promoted posts

REWARDS

Cost to make rewards

Cost of labor

Shipping and packaging costs

Project Budget Template

\$

PRODUCTION COSTS

Costs associated with producing your product or project.

These vary per business but things to consider:

- fabric
- notions
- factory fees

\$

EXTRAS

A financial buffer for unexpected things

The crowdfunding platform fees

Taxes

Virtual assistant for the month of the campaign

Payment processing fees



NOTE!!

Click **HERE** to access a pre-made Budget spreadsheet in Google Doc.

Just hit "File", "Make a Copy", and save to your own Google Drive in order to edit!



LINELL JACKSON, LINELL ELLIS

Linell Jackson, founder of accessory label Linell Ellis, recently launched a campaign with Luevo, one of the platforms we mentioned in this guide (and the founder of which cowrote this guide!); she was kind enough to take some time to share with us her experience thus far as well as some surprising discoveries.

Tell us a bit about your brand, Linell Ellis.

Linell Ellis is an "accessible luxury" handbag and accessory brand. All of our handbags are designed and manufactured in the USA. The bags are known for the creative use of color, prints and luxurious leather. I design each handbag with attention to the subtle details. I would say they are classic and timeless pieces that focus on quality and can stand the test of time.

The Linell Ellis Girl is a stylish go-getter. She's out and about and loves to be active, whether that involves her career, community, or raising her family. She loves experiences. She loves to travel, go places and make memories. But as for accessories, she really looks for quality and she will pay for that. She is connected to technology, she shops online a lot and keeps up with fashion trends. She's a very savvy, smart woman, who knows what she wants and how she's going to get it.



LINELL JACKSON, LINELL ELLIS

What made you decide to explore crowdfunding as an option for your line?

Our business model is centered on bringing our collection to our customer as directly as possible. We strive for direct interaction. Building and keeping a relationship with our customer through conversation and feedback is very important.

Crowdfunding is the perfect way to do that because you involve the customer in the production process.

What platforms did you consider and why did you ultimately go with Luevo?

Given my background in technology I am always looking for innovative ways to mix technology and fashion. I did a lot of research on crowdfunding and how to successfully launch a campaign.

I considered traditional platforms like Kickstarter, but I ultimately decided to go with Luevo because they are the first fashion focused crowdfunding platform and I believe the concept is on the leading edge for fashion.

The concept of funding a specific collection is appealing to me because the customer knows exactly what they are funding. The fact that the customer receives the product for his or her support is a win-win.



LINELL JACKSON, LINELL ELLIS

I am also a big advocate of "fashion disruption" and I think the Luevo platform is a fresh innovative way to bring fashion to the customer. Love that!

Can you tell us a bit about your preparation process?

Overall I would say it takes about 4 weeks to prepare and 4 weeks for the campaign. Preparation is key when doing any type of crowdfunding campaign. A fashion-focused campaign should also include planning time for samples, photos, and costing (so you know exactly what type of incentive you want to offer. I offered 20% off of retail)

In addition, the PR around the campaign requires a lot of planning. The campaign lasts 4 weeks so being prepared to share the campaign over that period of time is critical. I took several approaches with PR.

- I began building momentum that the campaign was starting about 2 weeks prior to kickoff.
- I reached out to all bloggers, media and fashion supporters locally and nationally and asked for their support.
- I sent (loaned) bloggers bags to review and blog about during the campaign
- I created a social media calendar and scheduled all of my posts and newsletters.



LINELL JACKSON, LINELL ELLIS

• I sent a personal email to all of our friends and family and asked them to support the campaign by sharing with their friends and following us on Luevo.

When you reached about halfway through the campaign, how were things going? What was the workload like?

Overall, it is going well. It kind of felt like planning a wedding! We spent all of this time planning and then the time goes by very quickly. The workload was busy. Keeping up with all of the re-tweets, Facebook and Instagram likes and thanking people for supporting me takes a lot of time. I didn't want to leave anyone out.

As well, working with the bloggers who agreed to do blog posts. It was important to me to build lasting relationships with them long after the campaign was over.

I would say this is one of the biggest benefits of the campaign. Meeting so many new people who were willing to write about the bags and support us in other ways was incredible. It also allowed me to be able to support other people with their goals too. I like that!

Scheduling the social media posts took a lot of pressure off, but I did find myself changing the schedule and adding things, which took a little time.



LINELL JACKSON, LINELL ELLIS

Was there anything surprising about the process, either good or bad?

The amount of people who were willing to support emerging designers amazed me.

I would also say I was surprised at how the transparency made me feel. Knowing that I (and everyone else) can see how many bags have been reserved (or not) was a little uncomfortable. However, I tried to focus on other benefits in addition to just how many bags are purchased. The exposure I received from the campaign has been awesome. That alone is worth it!

What are your goals with your line now that the campaign is done?

(Even though we didn't complete the financial goals of the campaign), we viewed it as successful. Our goals include using the momentum to drive more sales through our website www.LinellEllis.com, increase the number of eCommerce and boutiques stores, gain some additional press and continue solidifying our brand story.

We are also focusing on several collaborative projects with other designers and bloggers. Lastly, we are working on adding Men's Accessories for holiday. That should be exciting.



MIKE MALLOY, WAVEBORN

When we were introduced to the emerging lifestyle label, Waveborn, we were impressed not only with their stylin' aesthetic and overall mission, but also with their ability to grow their brand by creating and launching a very successful crowdfunding campaign.

Below is what co-founder Mike Malloy had to say about running a successful crowdfunding campaign to grow your fashion business.

Tell us a bit about Waveborn, its mission, and why you started it.

Waveborn is a lifestyle brand that sells Italian-designed and manufactured sunglasses at a price well below the average designer sunglasses.

Every time you buy a pair of Waveborns, you enable us to: 1) give a pair of prescription glasses

OR

2) fund a portion of a vision-restoring cataract surgery through our non-profit partners Unite for Sight and SEE International.

As a social good sunglasses company, we strive to combine the cool of fashion with the soul of giving



MIKE MALLOY, WAVEBORN

You recently completed a successful crowdfunding campaign, can you tell us what made you decide to go this route for fundraising?

Crowdfunding has become a great democratic way of building a company. If you have a good company selling a quality product at the right price, consumers can build capital for the company.

We know there are a lot of "ifs" in that sentence, but Waveborn sells high-end Italian made shades at a very competitive price while giving back to the world. Crowdfunding, and more specifically Indiegogo, was a natural fit for us to be able to pre-sell our summer inventory of shades.

What are the absolutely necessary components of a great campaign?

Video and momentum.

We spent almost 2 months on our video because that's the first and in some cases the only thing people are going to look at before deciding to commit money to a project. If the video really captures someone they'll be more inclined to read more, and that's where the text backing up the campaign really comes in.

Once you break through the noise and get someone to



MIKE MALLOY, WAVEBORN

the point of actual consideration we've found that the sunglasses-for-good concept speaks for itself, but the video opens the door.

The other thing I would say is just understanding momentum, how it works and especially how social media hits will accelerate everything once you reach a critical mass. You don't want to stretch it out too long.

There was a lot of discussion of time frames and goal thresholds. We could probably do a whole separate interview on this alone, but basically everything we did was a strategic decision based on our understanding of how to build momentum.

What are some common mistakes or pitfalls you see fashion brands make when putting together a campaign? Any suggestions for avoiding them?

The number one mistake is launching on a whim or an idea and not being really ready for primetime.

Don't underestimate the savvy of your potential investors. If your website is shoddy, if your video work is shoddy, people will notice and assume that the product will also be shoddy.

You might think starting a label in your basement is a cool



MIKE MALLOY, WAVEBORN

and fun side project, and it can be if you're just doing it at the Etsy/craftsman level, but if you're asking people to put money behind your business? Be ready to show your investors a level of competence and professionalism they can believe in when you launch.

Can you speak a bit about the commitment it takes to having a successful campaign, i.e Just because you build it doesn't mean they'll come.

Pre-campaign research and work is vital.

Before launching our Indiegogo campaign, the team did extensive market research into every aspect imaginable.

Reaching out to your networks to get their support prior to launch is important, but don't just reach out once. Maintain contact with your supporters throughout the campaign by sending out updates, adding new content, seeking good press, and sharing the press with current and potential backers.

Can you share examples of some great campaigns out there?

Here are a few of my favorites:

• Who Gives A Crap - High quality toilet paper that builds toilets in the developing world, a great cause and a fun but still professional-looking video



MIKE MALLOY, WAVEBORN

- Misfit Shine Simple activity tracker, great, almost appleesque video shows that they're the real deal
- Nice Laundry Making a full and colorful sock drawer cost less, some concepts speak for themselves

Now that Waveborn has raised funds, what are your next steps with your brand? What do you have in the works?

We're always working on new and fun ideas for the company. What I can say is look out for more designs, more colors, and keep a close eye on our "partners" page for some real big deals that are currently in the works.

8 Tips to Position Your Brand for Successful Crowdfunding:



- Have a standout product with a standout story.
- 2. Have someone on your team who really knows storytelling.
- Stand for something more than just the products you're making.
- 4. Create a movement with a cult following.
- 5. Have a distinguishing factor about your brand and product.
- 6. Have true and deep rooted passion for what you're doing.
- Be agile but have consistency.
- 8. Take all of the above and then learn how to sell. You have to know how to acquire a customer.

12 Tips for continued business success after you've finished your campaign:



- Be a media company and produce content (editorial, email newsletter, social media) regularly.
- 2. Don't try to introduce a new product and a whole new behavior at the same time. Approaching it in phases allows your customer to adjust accordingly.
- 3. Be sure that your entire team is constantly communicating with each other.
- 4. When you're just starting out, pull in all your favors. Your friends and network want to see you succeed, so don't be afraid to ask for help. Use every resource you have.
- Figure out what you don't know and educate yourself constantly on best practices and how to's.
- 6. Start online but absolutely have a plan to quickly be available offline (showroom, brick and mortar, popups,etc).

12 Tips for continued business success after you've finished your campaign:



- 7. It's almost impossible to build a billion dollar company (if that's your goal) exclusively online. But even smaller companies will struggle to grow if you are not available offline too. It's fashion, people want to touch.
- 8. A huge area for innovation right now is in the supply chain. What are you doing to innovate the way clothing gets made?
- 9. You need to create a community around your brand to acquire and retain customers.
- 10. Know your audience and be a brand that others want to hang out with.
- 11. Be confident and passionate.
- 12. Drive your dream everyday.