

Crowdfunding and wine business: Some insights from Fundovino experience

Angela Mariani*, Azzurra Annunziata, Maria Carmela Aprile, Francesco Nacchia

Department of Economic and Legal Studies – University of Naples “Parthenope”, Palazzo Pacanowski Via Generale Parisi, 13 V Piano – 80132 Naples, Italy

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Abstract

This paper aims to achieve a deeper understanding of the opportunities offered by crowdfunding in the wine sector and offer some guidelines to entrepreneurs for running a successful campaign. For this purpose, a case study research that explores the experience of the first wine-dedicated crowdfunding platform, namely Fundovino, has been conducted. Multiple data sources were used, among which documents and archival data from the Fundovino website, an email interview to its management team and an on line questionnaire sent to a sample of projects' funders. The results suggest that crowdfunding is ideally suited for the wine sector and that winemakers could exploit both the financial and marketing opportunities offered. According to our survey, the main motivations for funding projects are the willingness to support and interact with small winemakers and the fun of being involved first-hand. So, the creation of other wine-dedicated crowdfunding platforms may help raise awareness about crowdfunding and attract funders interested in projects related to the world of wine. Running a successful crowdfunding campaign requires a significant investment of time and the development of some specific skills by proponents. Indeed, these latter should also be supported by platforms and other actors through the provision of appropriate services.

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1. Introduction

Although still in an early stage, thanks to the development and diffusion of Web 2.0 tools and applications, new business models in which people (the “crowd”) get more closely involved in the firms activities' development are emerging. Such a broad spectrum of practices, that goes under the name of crowdsourcing, allows firms to engage the crowd through an open call asking for their work, knowledge, experience, and/or money (Estellés-Arolas and González-Ladrón-de-Guevara, 2012). Specifically, in this paper we focus on the “crowd” that takes on a proactive role in the funding of projects. Crowdfunding can be loosely defined as the fundraising for a project or a venture by a group of individuals, instead of professional parties (e.g. banks), usually taking place online - without any

intermediary or through dedicated platforms (Schwienbacher and Larralde, 2012). It represents a promising source of funding for many types of actors that do not find solutions suited to their financing needs, mainly valuable for small and medium enterprises (OECD, 2015). Moreover, Crowdfunding can offer numerous other advantages to all users and society as a whole, foster economic development, innovations and jobs creation (Valanciene and Jegeleviciute, 2013; The World Bank 2013).

Though crowdfunding is a relatively new phenomenon, some overall figures of the volume of money collected worldwide may give an idea of its increasing importance. According to the latest data, global crowdfunding experienced an accelerated growth in 2014 to reach \$16.2 billion (from \$6.1 billion in 2013) raised by 1.250 active platforms across the world. Business and entrepreneurship, that proved itself as the most popular crowdfunding category with \$6.7 billion collected in 2014, social causes (\$3.06 billion), films and performing arts (\$1.97 billion), real estate (\$1.01 billion), and music and recording arts (\$736 million) rounded out the top five categories (Massolution, 2015).

*Corresponding author.

E-mail addresses: angela.mariani@uniparthenope.it (A. Mariani), azzurra.annunziata@uniparthenope.it (A. Annunziata), mc.aprile@uniparthenope.it (M.C. Aprile), francesco.nacchia@uniparthenope.it (F. Nacchia).

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Crowdfunding is a subject of growing interest for both scholars and policy makers. Many studies in the literature have analyzed crowdfunding market, participants' motivations, benefits and drawbacks, mainly on the basis of real user-experiences on the most popular crowdfunding platforms.

Therefore, research still lacks a thorough knowledge of this emerging phenomenon and deeper analysis is required to better understand the whole potentials of crowdfunding mainly for small and medium enterprises and specific sectors (Gierczak et al., 2016). Worldwide policy makers are committed to frame a regulatory environment aimed to ease the development of this financing channel, while addressing concerns about transparency and investor protection.

In this context, this paper aims at contributing to achieve a deeper understanding of the opportunities offered by crowdfunding in the wine sector, characterized worldwide by a predominance of small businesses, as well as offer some guidelines to entrepreneurs for running a successful crowdfunding campaign. Given both the focus on a contemporary social complex phenomenon and the exploratory nature of this research, the case study method has been chosen to explore the experience of the first wine-dedicated crowdfunding platform, Fundovino.

The paper is organized in three sections. First, a literature review highlighting the main characteristics, benefits and downsides of crowdfunding. The next section, after a detailed presentation of materials and method used, investigates the experience of Fundovino. Specifically, attention is drawn to the crowdfunding model implemented, the reasons behind the success or failure of a campaign and the main characteristics of funded projects. Finally, results from a direct survey conducted among projects' backers on Fundovino are analyzed with the purpose of outlining their profiles and identifying their motivations for getting involved in the funding of projects. In the last section, the potential of crowdfunding in wine business is discussed and some preconditions for further future development are presented.

2. Literature review

2.1. Crowdfunding models

The basic idea of crowdfunding is to raise money through relatively small contributions from a large number of people (Belleflamme et al., 2014). It is a channel of financing that can be used by a variety of subjects for different purposes and can take different forms. Through crowdfunding, people, organizations and entrepreneurs - including start-ups – can raise money to finance or re-finance their activities and projects. Crowdfunding mostly takes place on internet-based crowdfunding platforms, that act as facilitators and mediators between capital seekers (project promoters or proponents) and capital providers (contributors or funders or backers). Projects proponents can also raise money by engaging the crowd directly, through the so called individual crowdfunding practices that avoid the use of platforms (Belleflamme et al., 2013). According to the kind of return that can be financial or non-financial, two major types

of crowdfunding - which can be further divided into four main models – are distinguished (Hemer, 2011; Baeck and Collins, 2013; Tomczak and Brem, 2013).

Financial crowdfunding can be: lending-based – contributors provide funds on which they can earn interest and receive repayment after an agreed duration – or equity-based – contributors act as investors and generally receive shares and dividends and may acquire voting rights.

In non-financial crowdfunding models, rewards can be both intangible and tangible. As for the donation-based model – usually employed for socially-oriented projects or initiatives promoted by charities and other non-profit institutions – contributors do not seek returns from the project that they help fund as they are driven by altruistic and social motivations. Conversely, in the reward-based model – mainly used for creative projects and the development of new products or services – contributors are promised a return proportioned to the size of the contribution itself. As a matter of fact, this model operates through a multi-tiered system where the more you donate the better the reward you receive. These rewards are often just immaterial acknowledgments, ranging from a mere thank-you (by email or on social media) to the opportunity to participate first-hand in some way to the financed project or in events that are organized upon project's successful completion. For some projects, this model takes the form of a pre-ordering (pre-selling) agreement: funders make their contribution in return for the product that will be developed and produced with the funds raised.

Crowdfunding platforms may offer just one model or option from the abovementioned different crowdfunding models. Furthermore, they can either accommodate any campaigns' type – general purpose or non-specific platforms – or be restricted to specific sectors or projects' type. Donation and reward models represent the most widespread forms of crowdfunding; instead, because of the higher risks to which potential contributors are exposed, lending and equity-based crowdfunding's expansion has been limited by the regulatory environment. In particular, the latter is still not legal in some countries (OECD, 2015).

Many studies in the literature have analyzed motivations, benefits and drawbacks for both capital seekers and capital providers, the functioning of crowdfunding platforms and the determinants of successful crowdfunding campaigns (for a systematic review see Moritz and Block, 2016). Although this brief review takes into account the main results of research over crowdfunding, being our primary aim that of discussing the current main crowdfunding opportunities for small and medium sized firms, attention will be drawn to entrepreneurs as capital seekers and the reward model. Some insights have been drawn from the literature that analyzed the crowdsourcing phenomenon in general terms.

2.2. Capital seekers' perspective

Overall, crowdfunding represents an opportunity for project promoters to access money in an easier and cheaper way, bypassing traditional banking institutions and reducing

transaction costs. In addition to collecting funds, promoters can get several other remarkable benefits in a marketing perspective, such as: rising public attention around the project (product/service); receiving feedback; estimating the potential customer base (De Buysere et al., 2012; Gatautis and Vitkauskaitė, 2014; Gerber et al., 2012; Schwienbacher and Larralde, 2012; Whitla, 2009). In this respect, some research carried out on funded campaigns on Kickstarter – the largest for-profit and reward-based crowdfunding platform existing to date – provides interesting data. According to Mollick and Kuppuswamy (2014: 13) “many firms reported that their campaigns provided benefits in building customer communities, learning about markets, and publicity. Many also were able to leverage their campaigns to raise additional outside funds”. Moreover, crowdfunding “brings the capacity to test the market by giving visibility to ideas before investment, promotes the image of the brand and the creation of a fan base before its constitution with low agency costs without any extra costs of market research” (Moutinho and Leite, 2013: 26). In fact, the feeling of involvement in the funded project may motivate capital providers to become active promoters and spread information about it through word of mouth. In addition, pre-ordering crowdfunding could allow for price discriminations, namely identifying customers who are willing to pay a premium for a product being available earlier (Belleflamme et al., 2014; Hu et al., 2014).

However, some drawbacks, such as entrepreneur's reputation damages and customer's disaffection may arise in case of failure (or delay) to meet a project's goal (Gerber and Hui, 2013). For entrepreneurs, and start-ups companies primarily, a first challenge concerns estimating in advance how much funding is needed in order to meet the crowdfunding campaign goals. Another main challenge is related to the need to disclose innovative ideas and budget with the purpose of attracting the interest of potential funders. As a matter of fact, too much information made available to competitors may arise issues concerning intellectual property protection (patentability) and could lower bargaining power with potential suppliers (Agrawal et al., 2014; Pazowski and Czudec, 2014). Furthermore, as discussed in more detail below, running successful crowdfunding campaigns requires the development of some specific skills and a significant investment of time (Gerber and Hui, 2013).

2.3. *Capital providers' perspective*

From the contributors' perspective, this new form of financing offers direct choice over where to put one's money, therefore making investments a more democratic process, spiced with the opportunity to get both tangible (financial or non-financial) and/or intangible rewards. In non-financial crowdfunding, as for crowdsourcing in general, some evidence suggests that backers are primarily motivated by intangibles rewards plus a range of intrinsic motives. According to the results of several studies (Gerber et al., 2012; Gerber and Hui, 2013; Hemer, 2011, Oddani et al., 2011) the main motivations are related to: identification with the project's subject and its

goals; willingness to support small entrepreneurs; satisfaction from being part of a certain community that shares similar priorities; enjoyment in being engaged in and interacting with the project's team or the producer; the chance to expand one's own personal network; the expectation of attracting funders in return for one's own crowdfunding project. Moreover, other authors highlight that one of the main motivations to participate is for fun's sake (Kleemann et al., 2008).

Crowdfunding requires some cautions as information asymmetries *ex ante* and *ex post* may be faced by funders if lacking the knowledge and skills needed to both evaluate the chances of success of the proposed campaigns and verify how the funds collected are used. Overall, the main risks are those of fraud and abuse of funds (Agrawal et al., 2014). Specifically, financial crowdfunding carries the highest risks for funders who act as investors; as for the reward model, the risk is that the promised reward may be either delivered with a delay or not fulfill the contributors' expectations, as well as not be delivered at all in case entrepreneurs fail to meet the project's goal (Belleflamme and Lambert, 2014; Mollick, 2014; Pazowski and Czudec, 2014).

2.4. *Crowdfunding platforms' functioning*

Crowdfunding platforms can play a crucial role in both reducing information asymmetry and building confidence, depending on how they perform different functions (or issues) such as: project presentation and screening; funds collection; information disclosure and exchange among participants (Belleflamme et al., 2015).

A typical funding process shared by most crowdfunding platforms begins with the creation of a request of funds by a proponent who indicates the project's purpose, the amount of funds needed and the forms of returns or rewards offered. Upon verification of the request's compliance with the platform standards (Terms of Use), it is announced publicly and kept open for a time span during which funders (registered users of the platform) can make their contributions and choose, in some cases, from a list of different rewards associated with different investment amounts. In the next phase, the collected funds are transferred to the proponent who makes sure that the promised rewards are delivered to the funders. During this process, the platform also facilitates other additional information exchange between funders and the project's proponent (e.g. feedback systems).

It is worth mentioning some different options available to platforms when it comes to projects' selection process and funds allocation. As regards the former, in some cases selection may be up to either an editorial team or an unbiased algorithm. As for funds allocation, crowdfunding platforms typically choose between two models. The first is the All-or-Nothing model (AON), in which funds are transferred to the project's proponent only in case of success (i.e. the funding goal is either met or surpassed within the predetermined funding period). Conversely, the second model named Keep-What-you-Earn or Keep-it-All (KIA), allows the project's proponent to access the funds in any case. It has been pointed out that AON fundraising campaigns can be considered as less

risky for backers as they offer a guarantee that the entrepreneur does not start a project with unrealistically low funding, and actually they result much more likely to be successfully funded (Cumming et al., 2015).

2.5. Determinants of successful crowdfunding campaigns

More broadly, several requirements and conditions can foster the success of reward crowdfunding campaigns. Project and proponent presentations are the main cues used by funders to evaluate the overall reliability before deciding to get involved as the proper use of description tools (such as biographic information, narrative and videos) may reduce the information gap between proponents and funders (Agrawal et al., 2011; Mollick, 2014). Then, it has been demonstrated that the language used, namely the use of some words and phrases, plays a persuasive effect on funders (Mittra and Gilbert, 2014). Besides projects' presentation, creating updates during the campaign is also critical to its success (Xu et al., 2014).

Ward and Ramachandran's (2010) results show that funders are influenced by the success or failure of neighboring (competing) projects and rely on their peer's actions as a source of information in their funding decisions. Furthermore, lower funding targets and shorter campaign duration create modest and achievable expectations and work as other legitimacy signals (Bock, et al., 2014). Success likelihood increases when a mix of intangible/tangible rewards are offered in exchange for collaboration (Bock et al., 2014), as well as when there is a possibility to reach either a niche where one can find a passionate and loyal audience or a large crowd of potential consumers (Moutinho and Leite, 2013). In this regard, promotional activities on social media increase the likelihood of successful funding (Lu et al., 2014). For instance, a positive relation between successful capital seekers and the number of their Facebook friends was found (Giudici et al., 2013; Hekman and Brussee, 2013; Mollick and Kuppaswamy 2014).

There is a broad consensus in the literature that in the earliest stage of a campaign a main driving force for success is represented by the support of relatives and friends, the group of people that typically faces fewer information asymmetries, participates, and boosts the project by sharing it on social networks. Only after this first phase, further funding from other distant capital sources can be achieved (Agrawal et al., 2011). Besides, it has been highlighted that funders are more likely to support promoters who are geographically closer to them (home bias effects) due to the influence of emotional and cultural factors such as feeling of similarity, sense of nationalism and preferences for projects with local socio-economic impacts (Burtch et al., 2014; Lin and Viswanathan, 2015).

As regards proponents' activity on platforms, some evidence on Kickstarter suggests that backing other projects leads to higher success rates and attracts more backers and funds (Moutinho and Leite, 2013). In addition to a learning-by-doing advantage in creating or positioning a project with a higher success likelihood, Zvilichovsky et al. (2015) highlight a reciprocity effect. Indeed, their results show that campaigns

initiated by entrepreneurs who have previously supported others' campaigns receive more backings from the campaign owners they have supported (direct reciprocity) as well as from the community at large (indirect reciprocity).

3. Crowdfunding and wine: Fundovino platform experience

3.1. Material and methods

Entrepreneurs in the wine industry are starting to exploit the opportunities of crowdfunding. Although no overall estimates of the funds raised are available, several entrepreneurs and startups in the wine business have published their projects and collected money on their own sites and/or crowdfunding platforms, mainly as reward-crowdfunding campaigns (Mariani et al., 2014; Mariani et al., 2015). The interest in crowdfunding has recently led to the creation of two wine-dedicated platforms, Fundovino (founded in France in 2014) and Cruzu (founded in the USA in early 2015). In order to get an in-depth understanding of the functioning and opportunities offered by crowdfunding in the wine sector, the experience of those dedicated platforms has been analyzed through the case study approach. In fact, according to Yin (1994), the use of the case study approach is suggested as a preferred strategy when "how" or "why" questions are posed and when the focus is on a contemporary phenomenon within its real-life context. Following the suggested techniques for organizing and conducting a case study research (Yin 2004; Tellis, 1997; Baxter and Jack, 2008) multiple data sources were used.

First of all, documents and archival data from the respective websites have been analyzed for getting an insight into the specific features of both platforms. Fundovino and Cruzu's main aim is to reach the niche of people sharing the same passion – wine lovers – and allow entrepreneurs to offer wine bottles to their backers as well. This represents a distinguishing feature of these new platforms if compared to non-exclusive (also well-established) ones like Kickstarter and Indiegogo that inform in their respective Terms of Use that campaign owners are forbidden to offer or provide any alcoholic consumer products as rewards. Cruzu started off as a crowdfunding site then very quickly expanded the concept into "group buying" and is currently used by wineries more as a selling platform than for crowdfunding purposes. As a result, being the unique currently active wine-dedicated platform, Fundovino has been chosen as unit of analysis (case).

Information and data collected from the Fundovino website have been used for furthering knowledge of the crowdfunding model used, the success rate of the campaigns launched and the characteristics of funded projects (projects/campaigns goal, collected amount, number of backers, fundraising campaign length, donation amounts and types of rewards). Then, with the main purpose of identifying the reasons behind the success of a crowdfunding campaign, an email interview to Fundovino Management Team (henceforth FundovinoTeam) has been conducted.

Finally, first-hand data have been collected through an online survey carried out among a sample of projects' funders (backers) on Fundovino in order to outline the funders' profile and investigate the main motivations behind their choice to

support projects. For this purpose, a questionnaire structured in 2 different sections was used.¹

The first section aimed to outline the socio-demographic profile and to explore backers' propensity to take part in crowdfunding initiatives by focusing on the number of projects funded, the amount invested and the degree of satisfaction with this experience.

The second section was meant to investigate the main motivations that affected backers' decision to get involved in the projects' funding and the importance of different factors related to projects' presentation. Questions and statements used were based on previous works discussed in the literature review section of this paper. In order to evaluate the motivations that affected interviewees' decisions to get involved in projects' funding, eleven motivation (listed in Fig. 1) adapted on the basis of the literature were chosen (Gerber et al., 2012; Gerber and Hui, 2013; Hemer, 2011, Kleemann et al., 2008; Oddani et al., 2011; Ward and Ramachandran, 2010; Zvilichovsky et al., 2015). Interviewees were asked to indicate the degree of importance attached to each motivation on a Likert scale ranging from 1=not at all important to 5=extremely important. Subsequently, by using the same 5-level Likert scale, the importance that the interviewees attach to different factors related to the presentation of the projects has been investigated. The 6 factors, listed in Fig. 3, are those considered crucial to success in the literature (Agrawal et al., 2011; Lu et al., 2014; Mollick, 2014). Finally, in order to have a first measure of backers' involvement and word of mouth effects, it has been investigated whether the interviewees promoted the campaigns they funded through communication channels such as private conversation or social media (Lu et al., 2014; Ward and Ramachandran, 2010).

The recruitment of the sample was realized by email in cooperation with the Fundovino Team that on 15 March 2016 sent its backers' mailing list an invitation to participate in the survey, including the link to the online questionnaire. In total, 81 complete questionnaires were collected. Descriptive statistics were used to report percentages, means and standard deviations. Bivariate analyses through Cross-tabulations with Chi_Square statistics were used to verify the existence of significant relations between variables while comparison of mean scores was realized with independent samples t-tests and ANOVA F-tests.

3.2. Fundovino platform's model and crowdfunding projects

Fundovino is a wine-dedicated platform working on a reward model that allows proponents to promote projects to its visitors who can make donations and become "fundoviners". The model used is the All-or-Nothing with funds being released to projects proponents through an e-payment bank system only if the campaign reaches or exceeds the pledge amount at the end of the fundraising period. As for projects' selection process, it is up to the Fundovino Team to evaluate

¹The number of variables considered is rather small since Fundovino Team was willing to send the questionnaire to its mailing list only if the number of questions did not exceed 12.

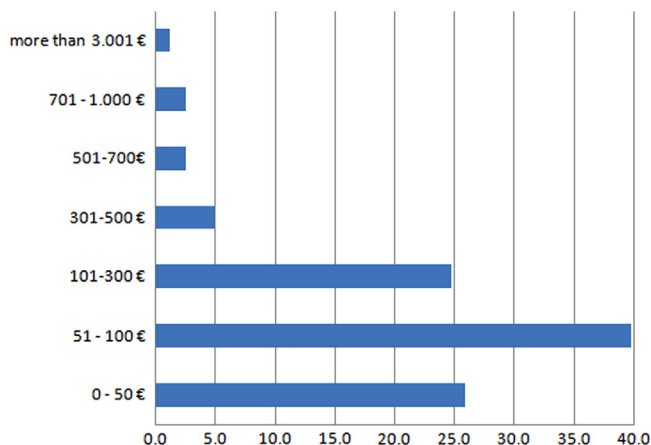


Fig. 1. Distribution of interviewees (percentage) by pledged amount range (The figure only displays seven of the nine donation classes used in the questionnaire since no interviewee indicated classes going from 1.001 to 1.500 and from 1.501 to 3.000).

the feasibility, appeal, coherency, seriousness and also the presentation and reward system of each project before sharing it publicly.

Fundovino offers the chance of proposing projects belonging to 9 different categories, 8 of which are related to the world of wine plus a more generic "other alcohols". According to Fundovino statistics (up to 23 March, 2016), 17 projects have been financed, with funds collected for a total amount of around 169.200 € (average amount per financed project 8.206 €). Less than half of the campaigns launched has reached or surpassed its funding goal, with a failure rate of around 52% that, although relatively high, is in line with other platforms.

The email interview to the Fundovino team has allowed us to get some insight into the reasons behind the success or failure of a crowdfunding campaign. Based on their experience, they highlight the following three main elements related to the features of the project and the commitments of the proponent: i) a proper self introduction of the proponent, a detailed description of the project and a pledge amount proportioned to the nature and the size of the project since a potential funder needs to be reassured that the project owner is someone trustworthy and that the project is feasible and realistic; ii) the provision of original, customized and worth it rewards available in a wide range of prices, in order to appeal to a large group of potential backers; iii) the enrollment of the project proponent's first and second circle since he/she needs to rest upon family, friends and clients in the early stages of the campaign before starting to relate to strangers and draw their attention and money to it.

The following Tables 1 and 2 summarize the main characteristics of the 16 funded projects classified according to 7 out of the 9 Fundovino's categories. The category "wine shop" has accommodated no project so far and only one project has been funded in the category "other alcohols" (collected amount €1.570 for a biodynamic stout, aged in the most prestigious Sauternes casks). Donations have been made by 973 backers, 835 (86%) of which have backed one project; 100

Table 1

Fundovino – Funded Projects in the categories: Culture, Tourism and Innovation (updated on 23 March 2016).

Source: our elaboration from www.fundovino.com.

Category/Goal	Collected Amount (% of pledge)	Number of backers	Campaign length in days	Donation amounts (from - to)	Types of Reward - tiered system where the more you donate the better the reward you receive In bold the most requested rewards
Culture					
Produce a 52-minute documentary for France Télévisions and France 3 Franche-Comté	€ 6400 (100%)	39	39	9 levels €15- 2000	Thank you on Facebook, a DVD , an invitation to a preview, bottles of wine, a subscription to a French wine magazine, name in the film credits
A short movie on Grand Cru Zinnkoeplflé	€ 4970 (102%)	43	66	8 levels €15–250	Thank you on Facebook, bottles of wine , an invitation to a tasting session, name in the film credits
Dictionary for wine and wine lovers	€27,820 (139%)	215	77	11 levels €10- 1200	A bookmark, a booklet, a poster, bottles of wine, the dictionary , name as sponsor on the dictionary
Book – French edition of the work by McGovern, Ancient Wine	€ 3325 (104%)	66	95	6 levels €10–450	A bookmark, the book , bottles of wine, a replica of an amphora from the Roman era
Wine Tourism					
Organization of themed visits in the Cognac area	€ 1550 (103%)	28	56	9 levels €5–190	Thank you on Facebook, ' Cognac ' USB storage devices , 'Cognac' Panama hats, visits
Discovering the Douro Area, students visit	€500 (115%)	15	26	5 levels €5–50	Thank you, postcards, corkscrews and drop-stops , bottles of wine
Innovation					
Horse-drawn farming equipment - Filing a patent and registration of 3 models	€ 8741 (119%)	64	90	8 levels €5–1000	Thank you on Facebook, T-shirts, bottles of wine , introduction to horse plowing, wine tastings, workshops, vineyards and farm tours.
Development of a kit for early on-field detection of the Flavescence Dorée disease	€15,085 (101%)	80	128	13 levels €5– 8000	Thank you on social media, postcards, visits to the laboratories, T-shirts, coupons for wine, offer a kit to a producer , heating blocks (that allow the DNA test on the field), name on marketing materials.

backed two projects; the remaining backed several projects up to a maximum of 9 (1 backer only).

In detail, [Table 1](#) shows funded projects in 3 categories: wine culture (a documentary, a movie, a dictionary and a book), wine tourism (two visits) and innovation (horse-drawn farming equipment and a kit for early on-field detection of the Flavescence Dorée disease); [Table 2](#) displays funded projects with different kinds of investment in the other 4 categories: adopt a grapevine, vineyard, wine cellar and organic-natural. All projects have been promoted by French proponents. It is worth noting the wide range of donation-levels among which contributors can choose from and the various associated reward types offered, all organized in a multi-tiered system where the higher the donation the better the reward you get. The most sought-after rewards - that in the case of wine production-related projects is always in bottles - are marked in bold in the figures.

3.3. Survey results: Fundovino funders' profile and motivations

Considering the socio-demographic profiles of the interviewed sample (81 projects' backers), the majority are men (84%); with reference to age distribution, around 38% of individuals falls within the 45–54 age group, followed by 27% of individuals between 35–44 and, with almost the same percentage, the 55-over age group. The education level is rather high, with a 46% holding a Master's degree or a PhD,

around a 34% a Bachelor's degree and 21% holds a secondary school Diploma. The overwhelming majority of interviewees is French, though individuals from other countries (e.g. Belgium 3%, Switzerland 3%, Italy 2%, Germany and Netherlands 1%) and extra-European ones - in particular the US and Belarus (1%) – are present as well.

As for the overall familiarity with and use of crowdfunding, 47% of the interviewees declared that they funded projects on Fundovino only, while the remaining 53% backed one (14%) or more projects (39%) on platforms other than Fundovino. In relation to the sole Fundovino platform most interviewees (74%) backed one project only, while 21% two projects. Finally, three of the interviewees funded three projects and one six projects. As reported in [Fig. 1](#), overall the amount invested by each backer is quite limited: around 39% invested between 51 and 100 euros; 26% contributed with smaller amounts (up to 50 euros); 24% between 101 and 300 euros.²

The bivariate analysis shows the existence of a significant relation (Chi-square $p=.000$) between the number of funded projects and the amount invested. Specifically, those who have invested higher amounts (from 700 to 1.000 and over 3.001) are those who have funded more projects, whereas the funding of a single project prevails among those investing lower amounts. Finally, only 2 out of the 81 interviewees got

²[Fig. 1](#) only displays seven of the nine donation classes used in the questionnaire since no interviewee indicated classes going from 1.001 to 1.500 and from 1.501 to 3.000.

Table 2

Fundovino – Funded Projects in the categories: Adopt a Grapevine, Vineyard, and Wine Cellar and Organic-Natural (updated on 23 March 2016).
Source: our elaboration from www.fundovino.com.

Category/Goal	Collected Amount (% of pledge)	Number of backers	Campaign length in days	Donation amounts (from - to)	Types of Rewards – tiered system where the more you donate the better the reward you receive
Adopt a grapevine					
Purchase of 20 acres of vines (Canon-Fronsac appellation)	€16,723 (103%)	47	89	12 levels €10–1000	Thank you on social media, bottles of wine , wine tasting, vouchers to be used at the wine cellar
Vineyards					
Purchase of an ovoid wine tank to produce a special vintage	€7515 (101%)	37	89	6 levels €10–150	Thank you on Facebook, bottles of wine, bottles of the special vintage in numbered magnum
Wine cellar					
Purchase of an electronic temperature control system	€4565 (100%)	21	74	6 levels €10–300	Thank you on Facebook, bottles of wine , wine tasting sessions, invitation to a party
Purchase of egg-shaped tanks and barrels	€6340 (106%)	31	45	6 levels €10–100	Bottles of wine , a gourmet menu for two, a plaque in your name on the barrels or the tanks.
Acquisition of a cask to produce their Petraea reserve	€15,785 (104%)	109	85	11 levels €5–1000	Thank you on Facebook, wine tasting sessions, bottles of wine and champagne , customized labels
Acquisition of Alsaciens Casks for white wines	€7780 (101%)	63	78	9 levels €5–1000	Thank you on Facebook, a corkscrew, bottles of wine .
Organic Natural					
Purchase of eco-friendly plows	€8185 (104%)	54	107	8 levels €5–500	Thank you on Facebook, bottles of wine , flacons, magnums, the amount of the donation to be spent in wine, even with a personalized label
Investment in winery material to produce 40hl of natural wine in 4 different cuvées	€2577 (103%)	40	87	19 levels €9–2500	Thank you on Facebook, a T shirt, a wine tasting at the cellar, bottles of wine , dinners

involved as projects' promoters as well, of which one was successfully funded.

Subsequently, the backers' degree of satisfaction was investigated. Overall, the interviewees value their first-hand experience on the platform positively. Almost 54% declared themselves to be satisfied and 28% very satisfied, instead, only a limited number of the interviewees declared themselves to be unsatisfied (5%) or very unsatisfied (3.8%). The bivariate analysis highlights a significant relation between the general level of satisfaction and age. In particular, younger people tend to be more satisfied with their experience (Chi-square, $p=.018$) and in no case individuals between 18 and 35 have shown to be unsatisfied. A significant relation was also found between the general satisfaction level and the number of funded projects (Chi-square, $p=.030$) As a matter of fact, individuals who declared themselves to be unsatisfied funded one project only.

With reference to the motivations that affected backers' decision to fund a project, as shown in Fig. 2, the most important turned out to be "the projects' goal" (mean value 4.37), "willingness to support small winemakers projects", (mean value 4.19) and "for the fun of it" (mean value 3.93), followed in order of importance by "interaction with winemakers" and "rewards in wine".

A significant relation has been found between some motivations affecting investment choices and other variables such as age group, amount invested and familiarity with crowdfunding (intended as the interviewees' participation in projects launched on other platforms).

Considering the age group, as reported in Table 3, the one-way ANOVA (with F test) showed that funders belonging to the 45–54 age group consider the motivations "rewards in wine" (F test, $p=.014$), "sense of belonging to a community of wine lovers" (F test, $p=.021$) and "interaction with winemakers" (F test, $p=.042$) as the most influential. This data is also confirmed by their higher average score when compared to the sample's mean value.

In relation to the amount invested, the cross-tabulations with Chi-Square statistics highlighted a positive relation between the motivation "the proponent is a person you know" and the amount "more than 101 €" (Chi-square $p=.013$). Thus, it can be affirmed that people who invest higher amounts are especially motivated when knowing the project's owner. Finally, as for familiarity with crowdfunding, the cross-tabulations with Chi-Square statistics highlighted a significant relation with the motivation "the proponent is a person you know" (Chi-square $p=.046$), considered on average more

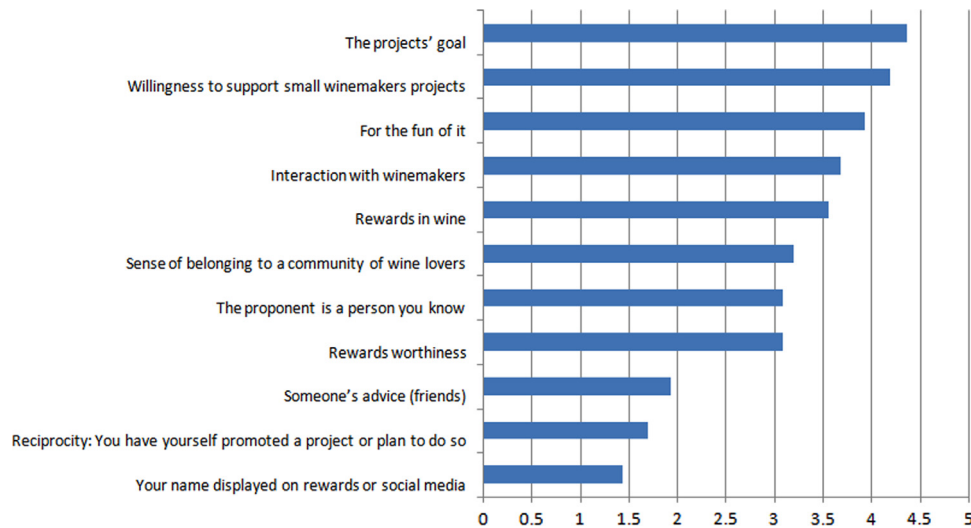


Fig. 2. Importance of motivations for funding projects (mean value).

Table 3
Means scores of motivations by different age groups – (standard deviation).

Age groups	Rewards in wine	Sense of belonging to a community of wine lovers	Interaction with winemakers
18–24	3.00 (1.414)	3.00 (1.314)	3.00 (.566)
25–34	3.55 (1.207)	3.52 (1.313)	3.50 (1.291)
35–44	3.86 (.776)	2.23 (1.152)	3.14 (1.246)
45–54	4.25 (.957)	4.00 (.860)	4.13 (.957)
55 and over	3.18 (1.296)	3.59 (1.008)	3.73 (1.008)
Total sample	3.57 (1.140)	3.20 (1.298)	3.69 (1.103)
<i>F</i> *	5.121	5.417	3.153
<i>p</i> value	.014	.021	.042

* *F*-test from one way Anova shows a significant difference ($p < .05$) between different age group.

influential by subjects that stated not to have ever funded a project on platforms other than Fundovino.

The importance that the interviewees attach to different factors related to the presentation of the projects is shown in Fig. 3. Above all, “detailed descriptions of the project” is considered the most important factor, with an average score of 4.48; “personal information about the project owner” follows with an average score of 3.77; then “detailed descriptions of the rewards”, comes with an average score of 3.66. The least important factor is “links to external resources” (website/social network's accounts/articles), though the bivariate analysis

shows the existence of a significant relation between this and the youngest age group (18–24) whose members tend to attach it a greater value than elder people (Chi-square, $p = .053$).

Finally, the large majority of interviewees promoted somehow the campaigns they funded. In particular, only 36% affirmed they did not share it with others, whereas 33% publicized it in private conversations and the remaining 31% on social media (25% Facebook; around 2% Twitter and 4% other social media). In addition, the bivariate analysis shows a significant relation between age groups and channels used to boost the initiatives (Chi-square, $p = .012$). Specifically, the youngest group (18–24) exclusively used social media (Facebook and Twitter) while in the 55-over age group only 45% used the same channel.

4. Discussion and conclusions

As pointed out recently by the OECD (2015), there is a broad concern that the bank credit constraints experienced by SMEs since the 2008–09 global financial crisis will simply become “the new normal” for them, and the issue should be addressed by broadening the range of available financing instruments, crowdfunding included. Crowdfunding is growing rapidly worldwide and at an increasing rate over the last few years thanks also to the development and wide dissemination of the Web2.0 technologies. These allow for greater interaction among capital seekers and “the crowd” of potential funders even if geographically dispersed. Nevertheless, the lack of awareness and understanding among entrepreneurs and the delay in implementing an effective regulatory framework constitute major barriers to its expansion. The present study focused on reward crowdfunding, currently the most widespread and promising for broader usage by certain categories of firms including those in the wine sector.

The Crowdfunding reward model, mainly in the form of pre-selling, represents a great opportunity and is ideally suited for the wine sector since an overwhelming majority of producers is represented by small entrepreneurs that have difficulties in

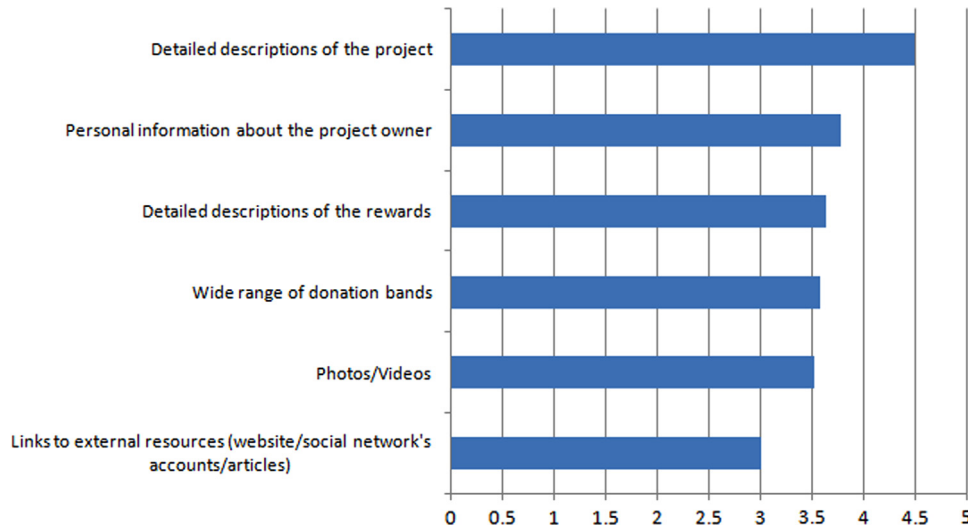


Fig. 3. Importance of factors related to projects' presentation (mean value).

accessing other forms of financing, but also because of some products and consumers' specific features.

First of all, wine is among those types of product that, as argued by Agrawal et al. (2014), could benefit more from this new form of finance since the value proposition can be easily communicated via text and video and moreover the product is unique and not subject to easy imitation when publicly disclosed. Reward crowdfunding can offer several other valuable non-financial benefits to entrepreneurs in a marketing perspective such as pre-sales, interaction with funders, market research and word of mouth promotion without any additional cost. These further benefits could be extensively exploited in the wine sector since consumers attribute a high value to interfacing with someone who is close to the business (Thach and Lease, 2014). Furthermore, Web2.0 tools and applications are increasingly being used by both winemakers – as a part of wine marketing strategies – and by customers – as a source of information and the easiest way to share their experiences (Szolnoki et al., 2015). These are all enabling conditions for a greater spread of crowdfunding.

The results of the present research that analyzed the Fundovino experience – the first crowdfunding platform dedicated to wine-related projects' funding – highlight the potential of crowdfunding and can offer some guidelines to entrepreneurs. During the Fundovino's 2 years in business, funders have supported a wide and varied set of project types ranging from: cultural projects related to the world of wine; wine-making investment projects to improve production and distribution processes; products and process innovations. As highlighted in our interview to the Fundovino Team that confirms the results of other researches (Agrawal et al., 2011; Bock et al., 2014; Mollick, 2014), running a successful crowdfunding campaign requires a significant investment of time and the development of some specific skills that allow the proponent to build confidence in and promote the project among potential funders. In brief, the proponent needs to: upload a proper self introduction and a detailed description of the project; set a realistic pledge amount and offer different-

priced, original, customized and worth it rewards; involve relatives and networks of friends that support the project by sharing it on social networks.

Even if sampling issues limit the representativeness of our data, from our survey on a sample of funders some interesting clues about the funders' features and motivations emerge.

Fundovino's projects were funded by both individuals familiar with crowdfunding (having funded projects on other platforms) and individuals at their first experience. Though French funders are in a large majority, our sample also includes a share of subjects from other countries. Generally, apart from the endorsement of the project's goal, the predominant motivations behind active participation are the willingness to support small winemakers, the fun of being involved and the interaction with winemakers. In particular, interviewees that only funded projects on Fundovino turned out to be the most motivated to participate by the personal knowledge of the proponent, a factor that is also associated with higher funding amounts.

This evidence confirms the prominence of the role played by an initial friends and acquaintances' circle and the intrinsic potential of crowdfunding to reach a wider and geographically distant group of funders. (Agrawal et al., 2011). Besides, it support the idea that the possibility to reach a niche where project proponents can find a passionate audience may increase success likelihood (Moutinho and Leite, 2013), as a wine-dedicated platform can attract potential funders specifically interested in projects related to the world of wine. The creation of other wine-dedicated crowdfunding platforms in major producing countries may help raise awareness about crowdfunding and, by focusing on the segment of wine lovers, offer more opportunities of engaging funders to support small and medium-sized enterprises projects. Furthermore, funders can find satisfaction by the immaterial benefit of an enjoyable experience and the material benefits of getting wine as a reward. In this regards, it has to be underlined that funders carry a specific risk when they back pre-selling projects in winemaking since being wine a natural product, quantity and

quality are subject to weather conditions and other external factors to such an extent that the characteristics of the wine promised as a reward may vary considerably from the initial expectations of both producers and customers.

In addition to the opportunities offered by new specifically wine-dedicated platforms, overall crowdfunding growth is affected by the design and governance of the platforms that play a key role in reducing information asymmetry and building confidence (Bellafemme et al., 2015). To this end, there is a huge need for both transparency about platforms' projects selection rules and charges, and collaboration among platforms in developing best practices to lower the risks of fraud/abuse of funds and concurrently increase trust among potential capital providers. This may be fulfilled, as suggested by De Buysere and colleagues (De Buysere et al., 2012) and already implemented in some countries (such as the UK), by establishing a quality label that would signal compliance with certain standards of transparency and functioning (European Commission, 2014). Finally, with the aim of supporting successful crowdfunding campaigns, platforms and/or other actors may offer additional services such as, among others, technical services that could improve projects' quality by providing assistance to develop a campaign, activating social networks, identifying target groups, setting a realistic target budget and publicizing the launched projects (Ramos, 2014).

Conflicts of interest

The authors declare no conflict of interest.

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