

# Adapted text from Crowdfunding in financing sports activities

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Published online: October 30, 2020

(Accepted for publication: October 22, 2020)

DOI:10.7752/jpes.2020.s5402

Crowdfunding has many definitions, which are discussed in the literature. The key role is played by the crowdfunding campaign initiator, who can be an individual or a business. This person is also called the creator or founder. Generally, crowdfunding aims to acquire funds for a specific project from many people, often referred to as the crowd. These individuals are known as contributors, investors, or founders.

In indirect crowdfunding, internet platforms serve as intermediaries between those raising funds and the investors. On these platforms, you can find various crowdfunding campaigns for different projects. According to Agrawal, Catalini, and Goldfarb, the value of a platform increases for creators as more contributors join, and for contributors, the value increases with more creators and other contributors involved. However, factors that lead to success on one platform may not apply to others. This creates challenges in understanding crowdfunding across different platforms.

Crowdfunding is not a uniform way of raising funds. Contributors have different motives for participating in campaigns. These motives can be altruistic, social, emotional, or financial. In sports, emotional factors are especially significant. Contributors receive various benefits, which can range from non-material satisfaction and the joy of helping others to material rewards or profit sharing.

There are significant differences among campaign initiators. They can be individuals, foundations, start-ups, or companies. Because of this diversity, there are many classifications of social financing based on these differences.

Crowdfunding campaigns typically operate under one of two models based on fundraising goals: Keep-It-All (KIA) and All-Or-Nothing (AON). In the KIA model, the campaign initiator keeps all the money collected, regardless of whether they reach their goal. In contrast, in the AON model, the initiator only keeps funds if they achieve their goal. According to Cumming, Leboeuf, and Schwienbacher, the AON model requires more risk from the initiator and encourages supporters to contribute more.

Donation-based crowdfunding is seen as a sign of social solidarity. This is evident when individuals donate money for projects on charity crowdfunding platforms due to social motives. Reward-based crowdfunding is the most popular type where initiators offer both material and non-material rewards. The success of these campaigns depends on how engaged the initiator is in promoting their campaign and the added value of the project itself.

Equity crowdfunding is different from other forms because it involves a more complex process and always includes an entrepreneur as the fundraiser. In lending-based crowdfunding, one lender provides a loan to a borrower through online platforms without traditional financial institutions acting as intermediaries.

Both equity crowdfunding and lending-based crowdfunding engage investors in project financing but are considered types of investment crowdfunding. Crowdfunding can also serve an educational purpose for initiators. The crowdfunding community can provide support by offering mentorship or feedback on campaign presentations. This is particularly noticeable in equity crowdfunding when the crowd observes projects and interacts by commenting and asking questions.

According to the "wisdom of crowds" concept, large groups of people can provide better insights than a few experts. Investors can offer advice to companies based on their diverse profiles and expectations. Despite their differences, it is essential that potential sponsors are willing to finance specific projects.

Contributors who donate to a campaign often do not know each other but share common interests and preferences. These shared interests may include various types of projects related to sports activities. The main purpose of this article is to highlight the role of crowdfunding in financing sports activities.