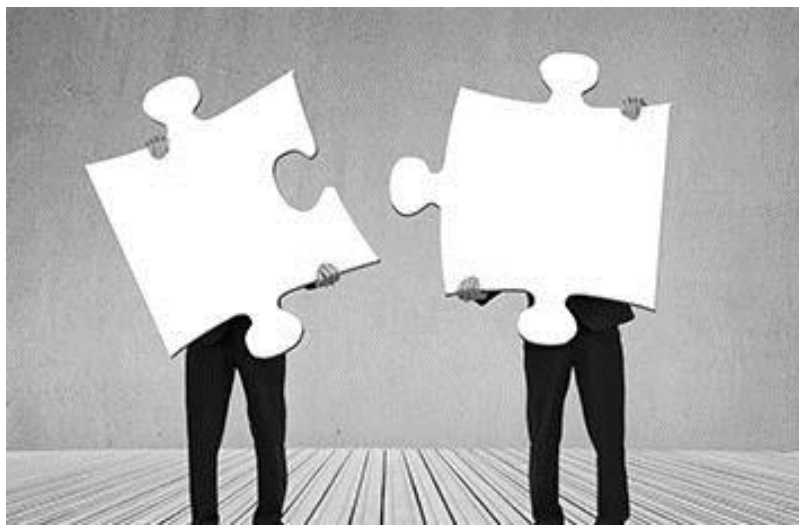


# MATCHED CROWDFUNDING AS AN ALTERNATIVE FUNDRAISING TOOL FOR THE CULTURAL SECTOR

THE CASE OF MATCHED CROWDFUNDING IN TWO NATIONAL CONTEXTS:  
THE NETHERLANDS & GREECE



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# Abstract

The aim of this research is to explore the potential of matched crowdfunding as an effective alternative fundraising tool for the cultural sector. In the light of the severe budget cuts of public funds for the cultural sector, along with the reduced funds and grants from foundations and companies, the necessity of alternative fundraising tools for the support of the cultural sector seems of significant importance. Focusing on the reasons and factors that contributed in the emergence and prominence of crowdfunding, this research arrives to the adoption of matched crowdfunding by platforms as a novel method. Through the lenses of cultural economics this study intends to explore how matched crowdfunding can contribute to crowdfunding schemes and resolve some of the barriers of participation to the schemes. To achieve that, the motivations that drive the involved actors to promote matched crowdfunding will be investigated in Greece and the Netherlands.

Thus, this research provides insights from the perspective of actors from the supply side of matched crowdfunding, through qualitative research with in-depth interviews and document analysis in two national contexts: Greece and the Netherlands. Moreover, complementary data will be used from the matched crowdfunding scene in the United Kingdom. The integration of the limited literature review along with the primary data from the interviews and the document analysis, show that matched crowdfunding can offer higher success rates for cultural crowdfunding campaigns by combining different sources of funding. Moreover, matched crowdfunding raises awareness regarding crowdfunding schemes and projects and engages more people to the support of the cultural sector. Last but not least, this research showed that partnerships in terms of match-funding bring credibility, trust and signals of quality and success to crowdfunding platforms and campaigns. Consequently, through matched crowdfunding the whole crowdfunding system has the potential of becoming more reliable and engage more backers, fundraisers and funding institutions as partners.

**Keywords:** Cultural sector, Alternative Fundraising tools, Crowdfunding, Matched Crowdfunding, Greece, the Netherlands, Qualitative Research

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# Chapter 1: Introduction

The Economic crisis of 2008 affected intensely the cultural sector in many European countries. Many governments responded to the economic crisis pressures with severe budget cuts in the cultural sector (Bonet and Donato, 2011), resulting in the loss of a substantial governmental funding for the sector (Bagwell, Corry & Rotheroe, 2015). The cultural sector is dependent to a great extent on public funding (Van Den Hoogen, 2020). As a result the aforementioned budget cuts imposed a threat for the sustainability of many cultural organizations, artists and cultural entrepreneurs. Consequently, many cultural organizations and individuals turned to fundraising practices, collecting funds from individuals or grants from foundations (Chong, 2009; Byrnes, 2015). However, this financing source was also not enough for the sustainability of the sector, as in periods of recession donations by foundations and individuals tend to decrease (Byrnes, 2015). Under these circumstances, alternative funding models appeared in order to cover the growing needs of the cultural sector for additional funding (Bagwell, Corry & Rotheroe, 2015; Dalla Chiesa & Handke, 2020). That need emerged in a period where the spread of innovation and digitalization revolutionized the market, with the creation and prominence of a new online and connected ecosystem, the so-called platform society (Foa, 2019; Van Dijck, Poell & De Waal, 2018). One of the products of the platform society is crowdfunding, where through a platform, many and different individual or group fundraisers can request funding from a large pool of potential backers (the crowd) (Mollic, 2014; Spanos, 2018).

Crowdfunding is continuously growing in Europe, with almost 600 active platforms in 2013 (Dushnitsky, 2016). By that time, 75.000 crowdfunding campaigns had been launched for projects from the cultural sector, collecting EUR 247m (Senabre & Morell, 2018; De Voldere, 2017). As a result, crowdfunding is considered already a useful tool that fosters fundraising for the cultural sector. However, the study “Reshaping the crowd’s engagement in culture” showed that from the crowdfunding platforms that had been launched in Europe for cultural projects until 2013, only half of them managed to reach their target amounts successfully (De Voldere, 2017; Senabre & Morell, 2018). According to the same study, platforms in order to collect

additional funds for the success of the platforms along with the prospects of exploring further possibilities of development of crowdfunding, adopted pilot projects of matched crowdfunding. (Senabre & Morell, 2018). Matched crowdfunding is the practice of combining institutional funding (public funds, private funds from foundations, companies etc.) with funds collected from backers through crowdfunding (Baeck, Bone & Mitchell, 2017).

There is limited literature on the matched crowdfunding model as well as an empirical gap for the creation of a solid theoretical framework that will guide this research. As a result, this is an exploratory research that aims to investigate further the matched crowdfunding tool and its potential, especially from the supply side of the market. Furthermore, through the lenses of cultural economics, this study intends to show how matched crowdfunding can solve key barriers that exist in crowdfunding platforms such as the information asymmetry between involved actors (Josefy & Markus, 2016; De Voldere, 2017) through the superstar effect (Adler, 2006; Rosen, 1981) and the signaling theory (Mavlanova, Benbunan-Fish & Koufaris, 2017).

More specifically, this research focuses on the exploration of the match-funding practices of crowdfunding platforms in the Netherlands and in Greece, and more specifically what are the drivers that motivate the involved actors to adopt this model. In the Netherlands, the crowdfunding scene is quite developed, with crowdfunding platforms dedicated to the cultural sector and many successful cultural crowdfunding campaigns (De Voldere, 2017). Moreover, in the Netherlands match-funding has been adopted by many platforms and is also supported with public funds from the government (Compendium of Cultural Policies and trends). On the other hand, in Greece crowdfunding is at its infancy where the limited public support and policy framework lead the banking sector to initiate and build the first crowdfunding platform in the country in 2016, which uses also the match-funding model (Katseli & Boufounou, 2020; Spanos, 2018).

This exploratory study uses in-depth qualitative interviews with professionals involved with the matched crowdfunding model in Greece and the Netherlands. In addition, the abovementioned empirical and literature gap brought to the surface the need for complementary document analysis in the two countries. Moreover,

complementary research and document analysis has been conducted on the matched crowdfunding scene in the United Kingdom. The reason behind this decision is twofold. Firstly, 36 per cent of all the successful cultural campaigns in Europe is coming from the United Kingdom (for the period 2013-2016) (De Voldere, 2016). Secondly, in the United Kingdom a pilot on matched crowdfunding was initiated by the government, in terms of their cultural policy recommendations, published on the so called “Culture White paper”, for the support, development and growth of the cultural sector with innovative and alternative tools (Baeck, Bone & Mitchell, 2017; Department for Digital, Culture, Media & Sport, 2016). As a result, the developed crowdfunding cultural scene in the UK, along with the embracement of matched crowdfunding by the government and the results of the aforementioned pilot will be useful tools throughout this dissertation.

Overall, the purpose of this study is to provide answers to the following research questions:

- “What are the motivations for crowdfunding platforms to adopt the matched crowdfunding model?”
- “What are the motivations for Artists and Cultural Entrepreneurs as fundraisers to participate in matched crowdfunding schemes”?
- “What are the motivations for funding institutions to participate in matched crowdfunding campaigns?”
- “What are the benefits and constraints of matched crowdfunding for the cultural sector?”

In order to explore the above issues, the dissertation is structured as follows:

Chapter two, creates a conceptual framework, following the reasons that lead to the emergence of crowdfunding and matched crowdfunding tools. More specifically, the effects of economic crisis on the cultural sector in Europe and especially in Greece and the Netherlands will create a useful context for the case studies of this research. Moreover, the dependence of the cultural sector on fundraising activities and the digitalization of the market will illuminate the creation and prominence of crowdfunding. Later, the mechanisms of matched crowdfunding will be explored along with the limited insights available by literature and empirical research. Finally,



cultural economics theories and definitions will help to understand what crowdfunding means in terms of cultural economics and how matched crowdfunding can give solutions to barriers or take advantage of the assets of crowdfunding.

Chapter three, provides information regarding the chosen methodology. This chapter presents how the research has been conducted, explaining the reason why the qualitative research method, with semi-structured interviews along with complementary document analysis was the most suitable method in order to conduct this exploratory study with literature and empirical gaps. Moreover, it explains how the coding and the analysis of the collected data has been, following the thematic networks analysis.

Chapter four, displays the findings of this research, combining the data as derived from the interviews and the document analysis with the conceptual framework and the literature review of chapter two.

Chapter five, includes a brief discussion over the managerial implications that derived from the analysis, regarding the crowdfunding platforms as the main actors of this research.

Lastly, Chapter six highlights the most important findings of this research, arriving to some general conclusions, limitations and recommendations for further research.

# Chapter 2: Conceptual Framework

## 2.1 Background: Economic Crisis

### 2.1.1 The effects of the Economic Crisis in the Cultural Sector

In 2008 the economic crisis affected all European countries to a political, economic, social and structural level to an extent without a precedence in modern history. Various problems arose through this crisis such as unemployment, lack of social cohesion, political instability and uncertainty. In the cultural sector<sup>1</sup> most European countries reacted with a sequence of adjustments, to a structural and policy level. From 2009-2011 governments reduced budgets for public funding, opening an era of uncertainty for the cultural sector, which was extensively dependent on governmental subsidies (Bonet & Donato, 2011). The overreliance of the cultural sector on public funding brought to the surface the need of alternative funding ways that were mostly embraced by Western governments (Van den Hoogen, 2020). Cultural organizations were adopting marketing strategies to engage more with the potential audience as well as choosing mostly commercial content in order to achieve better box office incomes (Bonet & Donato, 2011). At the same time, cultural organizations started pursuing partnerships in order to attract private donations and sponsorships (Bonet & Donato, 2011). However, the reduction of the financial resources had a greater impact on smaller cultural entities, young professionals at the start of their career, independent and experimental organizations such as NGOs<sup>2</sup> and foundations that were not financed by big organizations and institutions but were instead dependent on grants and

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<sup>1</sup> The term “culture” in this paper is used in the sense of “relation with activities connected with the enlightenment and education of the mind rather than the acquisition of purely technical or vocational skills”. In the former sense, words such as, “cultural organizations”, “cultural institutions”, “cultural industries” and “cultural sector (of economy)” are used (Thorsby, 2001, p.4). More specifically, the cultural activities are considered to have the three following criteria: 1) to involve a form of creativity, 2) to entail the generation and communication of a symbolic meaning and 3) have an output that embodies some form of intellectual property (Thorsby, 2001, p.4). Moreover, Thorsby (2008, p.148) introduced the “concentric circles model” which is based on the idea that cultural goods and services can “produce” two different types of value: economic and cultural. According to the same theory “Different goods have different degrees of cultural content relative to their commercial value; the model proposes that the more pronounced the cultural content of a particular good or service, the stronger is the claim of the industry producing it to be counted as a cultural industry” (Thorsby, 2008, p. 149).

<sup>2</sup> Non-governmental organizations

subsidies. As a result, the independent sector had a more restricted set of actions on its hands in order to survive the crisis, choosing many times to reduce costs of various types, leading in many occasions to the minimization of employees who were replaced with volunteers and seasonal extra staff (Bonett & Donato, 2011). During that period (2009), alternative funding models appear in line with collective financing schemes (Dalla Chiesa & Handke, 2020). Among these models are online crowdfunding platforms (such as Kickstarter and Indiegogo) who were created in order to support the aforementioned independent actors, newcomers and the cultural sector in general (Dalla Chiesa & Handke, 2020).

Although the economic crisis stroked at a universal level and affected various aspects of society across Europe, as mentioned above, some countries suffered from more severe consequences. For instance, Greece experienced serious implications with big cuts on the public sector, wages, pensions etc (Matsaganis & Leventi, 2014) while at the same time, the cultural sector in Greece was affected more intensely than the whole Greek Economy (Avdikos, Michailidiou & Klimis 2017).

### 2.1.2 The Economic Crisis in Greece

The Greek crisis started off in 2009 as a fiscal crisis (Matsaganis & Leventi, 2014) and soon turned into a vast debt crisis, resulting into a generalized recession, affecting all aspects of political, economic and social sectors in Greece (Daskalakis & Kakabura, 2019). The Greek government in order to face the recession that had no precedent in the economic history of any other advanced economy, accepted a bailout package from different European Union's institutions in May 2010 (Matsaganis & Leventi, 2014). In return, the Greek government had to sign a *Memorandum of Economic and Financial Policies* and enter a strict austerity program which led to severe cuts in salaries, pensions and other social services.

The consequences of the austerity program were devastating for the Greek economy as many businesses went bankrupt and people lost their jobs. In 2013 unemployment had reached the very high level of 27.5 per cent of the population (Matsaganis & Leventi, 2014). During the period 2009-2017 the drastic cuts of the

minimum wages, had no precedent worldwide and along with the high taxes resulted in a massive compression of the average household income down to 37.7 per cent (Matsaganis & Leventi, 2014) resulting in a generalized feeling of despair and depression for a big amount of the population.

As a result, all aspects of social life were affected extensively in Greece, including the production and consumption of cultural “products”. On the one hand, the entertainment and cultural participation during 2009- 2017 declined by 34.2 per cent (Matsaganis & Leventi, 2014), witnessing the problematic condition. This could be interpreted as a result of different prioritization when it comes to monthly expenditures, considering cultural activities as a luxury. On the other hand, the government expenditure in culture was reduced by 15% and remains until now (2019) at the same level. Although the reduction doesn’t seem high, we should take into consideration that in 2016 the percentage of the expenditure for culture was at the very low 0.8 per cent of the GDP of Greece (Daskalakis & Kakabura, 2019).

Furthermore, entrepreneurial activities that could possibly boost the cultural economy and funding were also limited. The freeze on bank lending, the inability of the government to stimulate or provide public funding to entrepreneurs, along with the increased taxation on various sectors businesses, resulted in a state of discouragement for entrepreneurial activities (Williams & Vorley, 2015). As a result, in the period 2008-2014, the number of employees in the cultural sector was reduced by 29.5 per cent, while enterprises in the sector faced a decrease of 27.9 for the same period (Avdikos, Michailidou & Klimis, 2017). At the same time, this downfall inside the sector was a consequence of the lack of alternative tools or strategies from public policy that could support the cultural sector (Avdikos, Michailidou & Klimis, 2017).

### 2.1.3. The Cultural Sector Crisis in the Netherlands

According to the report of the Association of the Compendium of Cultural Policies and Trends (2019) in the Netherlands, the economic crisis of 2008 put an end to the long period of gradually rising state fund for culture and media. In 2013 the budget cuts on culture imposed by the central government, were followed by cuts in a province level

in 2014 and a municipal in 2015. At that year, the public expenditure on culture in percentage of the GDP of the country was 0.90 per cent. This shows a decrease compared to 2005 expenditure, which was 1.25 per cent (Compendium site).

In 2016, a policy framework on international cultural policy was published by the Ministries of Education, Culture and Science and of Foreign Affairs as a solution to the current situation of budget cuts in culture. This framework was followed by a report published in September of the same year, with the title "*Besluiten culturele basisinfrastructuur periode 2017-2020*" (Decisions on the Cultural Infrastructure) (Compendium of Cultural Policies and Trends, 2019, p. 6). As stated by Compendium of Cultural Policies and Trends (2019, p.6). "That document explained the division of subsidies among the institutions in the national infrastructure for the period 2017-2020. In total, 88 cultural institutions and 6 funds receive an amount of EUR 379.91 million per year. EUR 10 million extra is spent in the national basic infrastructure, including the 6 cultural funds. This amount mainly benefits the development of talent, cultural education and public outreach, especially in the regions".

The period of turbulence during the economic crisis in Europe, was also a structural crisis that was based mostly on the realization that the social, economic and political systems are not reliable (Bonet & Donato, 2011). As a result, institutions had to find alternative ways of surviving, adopting entrepreneurial strategies. Thus, the improvement of decision making of organizations internally and externally, with strong networking, collective and community engaging practices, disruptive collaborations with public-private partnerships and the embracement of new market opportunities and new business models under the on-going technological improvements are some of the effects that economic crisis had for the cultural sector in several European countries (Bonet & Donato, 2011).

## 2.2 Fundraising in Culture: the emergence of crowdfunding

In the cultural sector, organizations are dependent to a great extent on governmental subsidies in order to support their activities and overall the operations of their organizations (Byrnes, 2015). However in the past years, due to the economic crisis, the sector has lost a substantial governmental funding (Bagwell, Corry & Rotheroe, 2015). For that reason, non-profit cultural organizations are turning to fundraising in order to safeguard that their organization will be able to operate also without the support of the government (Chong, 2009). For many organizations more than 40 per cent of their annual budget is collected through funds from individuals or grants from other foundations and institutions (Byrnes, 2015). As a result, changes in regards to the economic, political, social and cultural environment, can have massive effects for organizations, as under these conditions there might be a decline on the support by the fund providers (Byrnes, 2015). More specifically, Byrnes (2015), argues that during a recession period, people and organizations have the tendency of offering less money to donations as they feel the need to do a more conservative management of their income (Byrnes, 2015). Under these conditions, alternative sources and innovative practices arise, in order to fill the gap of the fundraising needs of non-profit organizations, especially in the cultural sector, such as crowdfunding<sup>3</sup> (Bagwell, Corry & Rotheroe, 2015).

The need for alternative sources of financing in the cultural sector has arisen the need for disruptive and entrepreneurial finance practices with many new players entering the market. These new players attempt to fill the financing gaps between the supply and demand sides of the market. Block, Colombo, Cumming et al., (2018) identified and divided the factors that lead to these initiatives as *Supply-side factors* and *Demand-side factors*. From the perspective of the supply side, apart from the effects of the economic crisis (as mentioned above), technological innovations<sup>4</sup> and the

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<sup>3</sup> Other types of alternative financing are: sponsorships, artists' loans, social venture funds etc.

<sup>4</sup> Definitions of Innovation are quite broad. Edquist (2013, p.1), defined innovations "as new creations of economic significance and of various kinds (technological and organizational). Innovation is often used as a synonym of technology, following a STEM-bias that is prominent in literature, the market and innovation policy (Jaeniste, 2009). However, contrary to STEM sector where innovation is goal-oriented,

digitalization of Communication Technologies (ICT) have revolutionized the market (Baski & Throsby, 2010). Technological innovations such as the internet, established the *internet economy*, where connected and “high-speed” (online) networks lead to innovative applications and business models which affect the production and distribution of goods and services (Rochelandet, 2011). These technology-driven innovations create new markets that can boost the production in the cultural sector (Handke, 2010). At the same time, digitalization and new technologies provide novel tools and portals with online and global accessibility, which triggers innovative processes and products to arise, boosting this way the economy on multiple sectors (Towse 2011; Sorvik & Kleinbrink, 2014).

Moreover, from the supply side, regulation and policy related factors play an equally important role. In the cultural sector the creativity, flexibility and innovation allowed a response to the downturn of the economic crisis bringing to surface new strategies. (Srakar, Vecco & Toth, 2017). These innovative strategies were embraced by cultural organizations and entrepreneurs and at some cases by governments as well. As Block, Colombo, Cumming et. al., (2018) argue in well-established countries with strong regulations and institutions, entrepreneurship and innovative financing are thriving. Moreover, such attempts are also encouraged by policy recommendations and customized regulations for entrepreneurial finance. In countries like the UK, innovative and alternative ways of financing are considered not only a buffer during unstable economic periods but a source of economic growth as well, with funding organizations and the government seeking for alternative ways to fund the cultural sector (Bakhshi & Throsby, 2009).

For instance, in the UK the Department for Digital, Culture, Media & Sport (DCMS), is a ministerial department with the mission to “protect and promote the cultural and artistic heritage of Britain and help businesses and communities to grow by investing in innovation” as published at the official website. In 2016 the DCMS

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in cultural industries innovation demands a holistic view, taking into consideration its sources and outcomes (Wijngaarden et al., 2019). “For creative entrepreneurs, innovation in the creative industries is a process and a by-product of creative production, and is dependent upon openness to the environment and the utilization of existing or creating new methods that increase or deliver high quality outputs that are new in specific contexts” (Wijngaarden et al., p. 401, 2019).

published a report called “The Culture White Paper”, stressing the importance of public policy in terms of investment and support of the cultural sector as well as the necessity of alternative tools for the sustainability and growth of the sector, in the light of the economic crisis (Department for Digital, Culture, Media & Sport, 2016).

All the above factors lead to the emergence of crowdfunding as an innovative and alternative financing tool, which embraces the technological evolution, the digitalization and the need for alternative financing sources for cultural economic prosperity (Kuti & Madarasz, 2014).

### 2.2.1 Crowdfunding

The 2008 global financial crisis resulted in the inability and unwillingness of lending from the banking sector, which affected negatively the trust towards the banking sector (Kuti & Madarasz, 2014). Moreover, as mentioned above, fundraising from private entities and other institutions deteriorated. As a result, the need for an alternative way of financing came to surface in order to foster the financing demands of innovative ideas, emerging start-ups and small and medium sized enterprises (SMEs) (Kuti & Madarasz, 2014). This demand came to the surface at the same time with the spread of the innovation and digitalization of the market. A result of the connectivity of the digitalized markets was the emergence of the *platform society* (Van Dijck, Poell & De Waal, 2018). The so-called Platform society, is a new disruptive eco-system where actors (individuals, groups, organizations) interact and transact through the online platforms, creating new channels for online and offline purposes with economic, social and political effects (Foa, 2019; Van Dijck, Poell & De Waal, 2018).

One of the most prominent products of the platform society is crowdfunding, which is becoming more and more popular for funding SMEs as well as innovative or commercial business ideas of big corporations over the past years. Crowdfunding is an established method of fundraising also in the cultural sector, with many creative and cultural entrepreneurs turning to crowdfunding campaigns in order to secure capital for their projects instead of depending the implementation of their ideas on venture capital or other forms of traditional funding (Mollick, 2014). Apart from acquiring



capital, organizations and individuals may have the aspirations to broaden their network by forming connections with peers and potential backers and receive acknowledgment, encouragement and feedback from them. (Kuti & Madarasz, 2014). Inside this ecosystem, actors interact and exchange values in a way that an innovative process of co-creation emerges (Foa, 2019), where constant interaction and feedback creates a sense of ownership and belonging to all participants.

Mollick (2014, p. 2) defined crowdfunding as : “a novel method for funding a variety of new ventures, allowing individual founders of for-profit, cultural, or social projects to request funding from many individuals, often in return for future products or equity”. There is a variety of crowdfunding projects that can range from young artist initiatives to big corporations’ business ideas. However, regardless the magnitude of the campaign the main goal is to succeed in reaching out an alternative capital instead of the traditional venture capital investment (Mollick, 2014). Spanos (2018, p.31), described crowdfunding as a “flexible funding instrument that gives the opportunity to a wide range of different individuals and organizations to collect funds from a large pool of potential backers”. The digital environment of crowdfunding is an open and inclusive place for amateur or inexperienced individuals. As a result, crowdfunding platforms play for them a significant role for the “professionalization” as well as the acknowledgment of their practice to a wide audience, which can be considered of greater importance than the fundraising in itself (Dalla Chiesa & Dekker, 2019, p.7). Thus, literature introduces crowdfunding as a method that democratizes access to capital as it can make it borderless, less geographically constrained and at the same time it may provide an entry-level access to the market for aspiring creators (Josefy & Markus, 2016; Dalla Chiesa & Handke, 2020).

Crowdfunding is inspired from concepts like micro-finance and crowdsourcing (Mollick, 2014) and is a unique type of fundraising who is hosted in a growing number of smaller and bigger internet sites who are used exclusively as crowdfunding platforms. These platforms are considered to work according to the model of the “two-sided market” (Foa, 2019) where the platform is at the same time a service provider and an intermedium which also adopts marketing and communication roles (Foa, 2019). In 2013, more than 800 crowdfunding platforms were active or constructed in

order to be activated while at the same time it is estimated that since 2013 more than USD 5.1b had been raised in an international level (Gierczak, 2016). When it comes to Europe, countries appear to prefer domestic platforms, which is a result of the different regulatory contexts from country to country and is at the same time a result of the economic, political and cultural heterogeneity across Europe (Dushnitsky, 2016). At the end of 2013, in Europe there were more than 593 active crowdfunding platforms. Over 200 of these platforms are coming from the United Kingdom, the Netherlands, Germany and France (Dushnitsky, 2016). By that time, 75.000 crowdfunding campaigns had been launched on cultural projects, collecting EUR 247m, coming mostly from campaigns in the United Kingdom and France (Senabre & Morell, 2018; De Voldere, 2017). In particular, in the period 2013-2016, 66% of all campaigns related to the cultural sector originated in these two countries (36% in the UK and 30% in France), with Germany and the Netherlands ranking 3<sup>rd</sup> and 4<sup>th</sup> in Europe (De Voldere, 2017). On the contrary, Greece and Luxemburg exhibit a very low crowdfunding activity in all sectors (Dushnitsky, 2016).

As mentioned by Mollick (2014), there is a great variety of different goals and magnitudes in crowdfunding projects. Many projects seek to find small amounts in order to implement small one-time projects where at the same time many entrepreneurs are depending mostly on crowdfunding campaigns in order to collect the initial money required to start their new venture (Mollick, 2014). Different projects mean also that entrepreneurs are adopting a different model of crowdfunding according to the need of their project and the target group of people who would potentially back the initiative. Thus, crowdfunding does not have a homogeneous form, but there are four different basic models that are characterized by patronage and support: “equity-based<sup>5</sup>, credit-based <sup>6</sup>(or lending model), donation-based (or patronage) and reward-based crowdfunding” (Kuti & Madarasz, 2014, p. 356). The most used crowdfunding model for cultural and creative projects is the *reward-based* crowdfunding (De Voldere, 2019; Dobрева, 2017). In this model, if the campaign is

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<sup>5</sup> Equity-based crowdfunding backers are becoming investors acquiring stocks in corporations with a claim over the company's cash flow (Kuti & Madarasz, 2014, p. 356)

<sup>6</sup> Credit-based crowdfunding is a lending process where individuals are offering personal loans to requestors via the internet crowdfunding platforms without any other financial intermediation (Kuti & Madarasz, 2014, p. 356)

successful, users expect a return in the form of service or product which will be equivalent to the amount of their contribution (Kuti & Madarasz, 2014). There are different types of rewards: “such as thank you letters, exclusive edition of products and services, or pre-sale of the products in better price” (Brown et al., 2016). In case crowdfunding campaign fails to reach the target amount, the supporters will be refunded if the platform or the project follows the “all or nothing” model, while in the case that the “keep it all” model is adopted, the fundraiser will keep the raised amount (Kuti Madarasz, 2014; Dalla Chiesa & Handke, 2020). Donation-based is the second model in preference in the cultural sector, but with a big deviance (De Voldere, 2017). In this model contributors are supporting “charitable, research, creative and personal projects without expecting any financial or non-financial returns” (Kuti & Madarasz, 2014, p. 356). In this model, the support entails emotional characteristics coming from the personal interest or identification of the contributor with the project (Kuti & Madarasz).

Crowdfunding as mentioned above is adopted by several European countries to fund projects in the cultural sector. However, according to the study “Reshaping the crowd’s engagement in culture”, only half of the crowdfunding campaigns that had been launched until 2013 managed to meet their target amounts (De Voldere, 2017; Senabre & Morell, 2018). Taking into consideration this factor, along with other possibilities of development of the model, crowdfunding platforms adopt alternative models such as match-funding (Senabre & Morell, 2018).

## 2.3 Match-funding as a type of Crowdfunding

After the appearance and the increasing prominence of crowdfunding in recent years, different systems of operation have appeared, giving the opportunity of different applications and developments on crowdfunding platforms. One of these systems is the matched crowdfunding, which is the practice of combining funding from institutions (such as public funds, foundations, private companies etc.) along with money collected from individual donors (backers) via the crowdfunding platform, in order to fund a project (Baeck, Bone & Mitchell, 2017). Match-funding between

individual donors and institutions for the support of cultural and social projects is not new, but is a rather well established form of fundraising for the support of organizations (Senabre & Morell, 2018). However, matched crowdfunding is mostly used to fund specific projects and not organizations or projects in their entirety (Baeck, Bone & Mitchell, 2017). Hence, it supports the realization of more concrete projects, rather than the development phase of a project or an organization on a structural level. Moreover, the online nature of crowdfunding, and the necessity of transparency it needs in order to be credible and trustworthy to backers, increases the transparency of matched donations to a greater extent than the traditional forms of match-funding to organizations (Baeck, Bone & Mitchell, 2017). Matched-crowdfunding has also been adopted by governments as a tool that can enhance the restricted public funding for the cultural sector (De Voldere, 2017). In the UK, the DCMS following the public recommendation of the “Culture White Paper”, initiated a match-funding pilot, in collaboration with Nesta, offering almost GBP 300k on cultural crowdfunding projects through two public foundations: The Heritage Lottery Fund and the Arts Council England (Baeck, Bone & Mitchell, 2017). The pilot intended to explore the potential of bringing together public and private funds for more successful crowdfunded cultural projects (Baeck, Bone & Mitchell, 2017; De Voldere, 2017).

As matched crowdfunding manages to bring together private capital from individual users with institutional funds, it provides better chances for a project to succeed (Senabre & Morell, 2018). According to an analysis on Goteo platform, published on the Nesta<sup>7</sup> report, showed that matched crowdfunding campaigns are likely to be more successful than crowdfunding projects who are based solely on backers (Baeck, Bone & Mitchell, 2017). More specifically the study indicated that “campaigns with institutional support received on average 180 per cent more from crowd donations than a campaign without institutional support. Also, the success probability of the project can be increased by up to 90 per cent” (Baeck, Bone & Mitchell, 2017, p. 25). Moreover, new dynamic collaborations are embraced between institutions and organizations and the crowd is easier engaged to projects they

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<sup>7</sup> Nesta (National Endowment for Science Technology and the Arts) was established in 1998 from a national endowment in the UK. Since 2012 is an independent foundation conducting research and policy work in the field of innovation in an international level.

wouldn't support in the absence of the institutional support, as they might hadn't heard of the project, or the platform (Senabre & Morell, 2018). Moreover, according to the same study, matched crowdfunding increases significantly the average donation from backers (Senabre & Morell, 2018).

Platforms who manage matched crowdfunding projects usually collaborate with one institution, creating a form of partnership (De Voldere, 2017). However, there are examples, where platforms, create partnerships with multiple funders in order to establish an even more solid environment with increased possibilities of successful projects (Baeck, Bone & Mitchell, 2017). There are also different approaches that institutions adopt during the matching with projects. According to Baeck, Bone and Mitchell (2017), one way is by adopting a "one of the crowd" approach, supporting projects after assessing one-by-one those who are suitable or aligned with their preferences or mission of the organization. The other way, is by creating some a priori conditions, being aligned with the partnered organization. In this case, institutions announce to the platforms the available capital, forming the so-called "match-funding pool" (Senabre & Morell, 2018). Hence, projects have to meet specific prerequisites in order to be supported by the funder (Baeck, Bone & Mitchell, 2017). Criteria of the project may vary according to the preferences or priorities of the funder, such as reaching first a specific percentage of the funding target, or simply creating a project that is relevant to their activities or interests.

As introduced by Baeck, Bone and Mitchell (2017, p. 19), there are four different matched crowdfunding models that funding institutions can adopt. The ratio of the amount (percentage) that will be covered by the fund varies (with a range from 25 per cent to 75 per cent). Moreover, the application of the funds happens at different stages of the campaign, following different models, depending on the project or the funding institution (Senabre & Morell, 2018). The most used models as introduced by Baeck, Bone and Mitchell (2017) are the below (Figure 1).:

- The "*in first*" model, where the institution provides in advance the investment on the project and the remaining amount is covered through the platform form the crowd.

- The “*top up*” model, where institutional investors require for the project to collect first a specific percentage of the target amount in order to “top up” the campaign with the remaining amount needed for the success of the project.
- The “bridging” model, which happens when the funder intervenes after an amount has been collected at the beginning of the campaign, in order to boost the campaign, until the crowd contributes at the end to complete the fundraising. This happens with the mindset that people are more active during the start and the end phase of a campaign.
- The “real time” model. This match happens throughout the process of the fund collection, with the institution donating approximately an equal amount for every donation form the crowd.

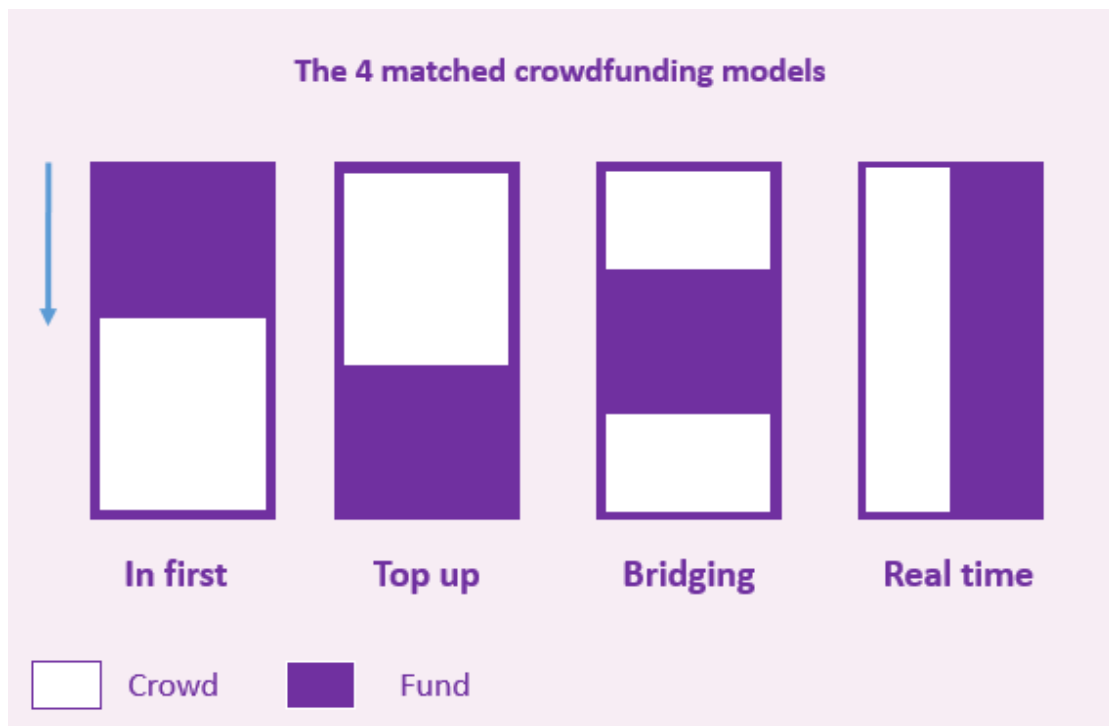


Figure 1. The four matched crowdfunding models for the application of funds

Every different model has different characteristics and is decided usually according to the strategy of the funding institution. For example, in the “in first” approach, the institution decides to hold a lead and engage the crowd into supporting a specific project, while at the “top up” the institution follows the initiative of the crowd, by completing their donations (Baeck, Bone & Mitchell, 2017). The “bridging” model is

used in order to boost the crowdfunding campaign in the middle stage, where backers are less active (Baeck, Bone & Mitchell, 2017). This means that matched crowdfunding is a dynamic way that creates an interaction among the participants: the platform, the funding institutions and the crowd (Senabre & Morell, 2018). As a result, the institutions may get introduced to a new project or organization that received the attention and/or the support of the crowd that they didn't know or support before.

In order to better grasp how crowdfunding and especially match funding can be applicable in the cultural sector, one must first understand how this funding model solves (or not) classical issues in cultural economics. Some of the typical themes of Cultural Economics that are present in crowdfunding are the demand uncertainty, the superstar effects, the asymmetry of information and ways through which cultural policy enhances supply and demand in culture.

## 2.4 What does crowdfunding imply for Cultural Economics?

As Dalla Chiesa and Handke (2019) mentioned, the first crowdfunding platform was focused on the cultural sector. Although today crowdfunding is widely linked to other industries (such as start-ups and technology related SMEs) (Kuti & Madarasz, 2014), it seems that "cultural and creative industries continue to be among the most important areas for applications of crowdfunding", (Dalla Chiesa & Handke, 2019, p.2). Consequently, exploring crowdfunding through the prism of Cultural Economics will help this study to put more light to the alternative funding phenomenon.

In crowdfunding, the information asymmetry between the initiator and the supporter, seems to be one of the key barriers for the embracement of crowdfunding for all involved actors (Josefy & Markus, 2016; De Voldere, 2017). Akerlof (1970), argues that asymmetry of information is a phenomenon in the business world between two parties where lack of information creates quality uncertainty and can result to market failure. This means that there is difficulty in distinguishing good quality from bad when there are two different parties that don't have equal access to the same information

(Akerlof, 1970). Therefore, Information asymmetry in crowdfunding platforms, can be translated as the lack of trust of either the crowd or the fundraisers towards the platform, the payment procedures or the crowdfunding method in itself, coming from the imbalance of information between the involved actors (De Voldere, 2017). Moreover, there might be a threat of the credibility of the organization, when it comes to the delivering of the project, as promised, as soon as the target amount is achieved through the crowdfunding campaign (Supradeep & Yong, 2016).

Voldere (2017), in the aforementioned study “Reshaping the crowd’s engagement in culture” conducted for the European Commission, collected samples from interviews in order to explore how people feel about the uncertainty that is created when they are using crowdfunding platforms. According to that study, crowdfunding is considered a novel process that is still building its trust as a fundraising method for potential supporters. The lack of trust though, is not only derived from the relatively new procedures, but mostly from the problems of knowledge in the form of “awareness, information and capacities” (Voldere, 2017, p. 137). Because of the information asymmetry between the potential backers and the organizations behind the projects, there is a need of more information and signals of quality and credibility available for the latter, so participants can evaluate better the crowdfunding projects (Supradeep & Yong, 2016).

The significance of information shared among the participants of crowdfunding platforms, can be explained by the signaling theory. Mavlanova, Benbunan-Fich & Koufaris (2017), argue that signals channel information from the supply-side (sellers) to the demand-side (buyers), so the buyers can evaluate them and decide upon the credibility and validity of the supplier or the quality of the products/services. In crowdfunding platforms signals of quality can be the transparency of the platform and its mechanisms, with clear explanation of the “how” and “why” around the projects, textual descriptions, as well as the use of video on the platform, presenting the project (Mollick, 2014). Furthermore, apart from the awareness of the information around the project, a key information towards creating trust between potential supporters and the crowdfunding platforms is the background of the manager/entrepreneur or organization that handles the project. The credibility of the organizers or participating



organizations, can foster trust and create a safe environment (Mollick, 2014). Last but not least, the transparency of methods, procedures and costs are also indicators of credibility of the platform (Voldere, 2017; Katseli & Boufounou, 2020). Consequently, for potential backers is very important to feel that they offer funds to reliable actors.

According to Byrnes (2015), “people give to people”, because either they are familiar with them, thus they trust them, or because they relate to their values or respect them. In Cultural Economics, the motivation of people to support actors that are well-known and famous is called, the superstar effect (Adler, 2006; Rosen, 1981). In the market, the superstar effect is explained as the connection that is created between talent or/and success and the feeling of signaling of trust that this creates on people and results in further support of their future activities (Rosen, 1981). Adler (2006), argues that artists use publicity in order to prove their popularity through magazines, TV shows and events. This practice enhances even more the familiarity and connection with people, and boosts the trust and appreciation of others (Rosen, 1981). There is a tendency in the market to support more people who receive the recognition and approval of many, resulting in a dynamic procedure, where the more an individual knows the *superstars*, the more (s)he supports them (Adler, 2006). Moreover, this feeling of supporting a *superstar* that already receives a great amount of recognition, not only creates a feeling of security and trust for the supporter, but also builds a sense of belonging among supporters. Thus, for matched crowdfunding campaigns, it can be argued that the recognition of a person or an institution as well regarded (stardom) and the success of the platform, can work as indicators of trust, filling at some extent the gap of information asymmetry. This signaling of *quality* and trust with the audience (crowd) can also be accomplished with marketing and advertising practices.

As mentioned above, crowdfunding operates in term of the two-sided market model, offering both services and working also as a medium for marketing and communication (Foa, 2019). Therefore, crowdfunding platforms can be bring people together and introduce them with institutions, projects and individuals who didn't know before. As a result, crowdfunding platforms can serve as marketing channels that can engage people either with current projects or future ones. According to Brown, Boon & Pitt (2016), there are marketing values that can be used as tools for

crowdfunding platforms, which could either affect the success of the campaigns, or highlight alternative tools and prospects of crowdfunding. The first one, is *Branding*. According to Jobber and Ellis-Chadwick(2016), a successful brand has a unique position in the minds of the customers. This means that the brand becomes different and that there is a clear distinction from competitors. Through the crowdfunding platforms cultural organizations have the opportunity to tell their story and say who they are and what they do, starting a branding campaign at the same time. The second valuable tool is the creation of a *Sales Channel*. Launching a crowdfunding campaign will automatically also means that there is a sales channel available where backers can support but at the same time “buy” the product or the service (Jobber & Ellis-Chadwick, 2016). This could be also considered to be the best sampling as signaling for future projects from the same cultural organization or cultural entrepreneur in order to lower the quality uncertainty. The final tool, is that of the *Expansion of Awareness*. Expanding awareness through the crowdfunding campaign follows the key information needed in order to lower the information asymmetry and reach as many individuals as possible.

#### 2.4.1 Motivations on Crowdfunding participation

This research focuses on the supply side of crowdfunding. However, In order to build a solid conceptual framework of crowdfunding there is the need to shed light on the demand side as well. Therefore, this section includes several motivations, as suggested by literature, behind the participation of the involved actors. The factors that motivate fundraisers and backers to participate in crowdfunding schemes will create a spherical perspective of crowdfunding schemes and at the same time will work as a bridge between the supply and demand sides.

Literature on crowdfunding has explored consumption of crowdfunding projects with the aim to explain and understand the motivations behind crowdfunding participations among fundraisers and supporters (backers) (Rodriguez-Ricardo, Sicilia, López, 2018). In order to explore these motivations, an interdisciplinary method is needed (such as economics, sociology, marketing, psychology etc.), as crowdfunding combines both characteristics of “online philanthropic behavior” as well as “online consumer behavior”, which depends also on the type of crowdfunding (donation and

reward-based respectively) (Rodriguez-Ricardo, Sicilia, López, 2018, p. 34:5). Thus, the motivation of supporters varies. Moreover, the motivations for participation on a crowdfunding campaign can also be affected by personality traits. The “level of innovativeness” of an individual, meaning the personal interest or involvement in innovative practices, is considered as a driver of participation (Rodriguez-Ricardo, Sicilia, López, 2018). Another personality trait that can influence participation is the “interconnectivity” of the individual with the communities (s)he belongs (Rodriguez-Ricardo, Sicilia, López, 2018). Being part of the crowdfunding community and feeling the sense of belonging is a fundamental motivation for crowdfunding participation as it gives the opportunity to backers to interact with other like-minded supporters (Gerber & Hui, 2013). In this community, supporters unfold a philanthropic behavior, with the motive of supporting a cause with an impact on the community or by simply helping others (Gerber & Hui, 2013; Rodriguez-Ricardo, Sicilia, López, 2018). Last but not least, rewards remain a fundamental motive for supporters following the online consumer behavior which views crowdfunding as a market (Rodriguez-Ricardo, Sicilia, López, 2018). The trust of the members of the crowdfunding community to the mechanism of crowdfunding and the involved actors is a key factor (Katseli & Boufounou, 2020). As studies show, the fear of potential supporters that their money will not serve the cause they decided to support and the absence of trust towards the platform or the fundraisers can work as a discouragement in crowdfunding participation (Rodriguez-Ricardo, Sicilia, López, 2018).

The motivations of fundraisers are connected to a great extent with the benefits that crowdfunding provides to the market. Raising funds, testing the market by expanding awareness of their work to new audiences and broaden their networks are some of the motivations that attract individuals to initiate a crowdfunding project (Rodriguez-Ricardo, Sicilia, López, 2018). Moreover, Rodriguez-Ricardo, Sicilia and Lopez (2018) showed that crowdfunding gives the opportunity to fundraisers, regardless their professional expertise, to create, control and succeed in raising funds for their projects, adopting a hands-on experience on managing their career. On the other hand, the fear of exposing themselves to the crowdfunding community and the

possibility of failing to achieve their targets, creates insecurity to the aspiring project creators (Rodriguez-Ricardo, Sicilia, López, 2018).

This chapter intended to illuminate several factors that motivate fundraisers and backers to participate in crowdfunding. Nonetheless, as mentioned above, this research is focused on the supply side of crowdfunding, exploring the motivations that lead crowdfunding schemes to promote the matched crowdfunding model.

# Chapter 3: Methodology

## 3.1 Aim of the research

The purpose of this study is to investigate the following research question:

-“What are the motivations for promoting matched crowdfunding as an alternative fundraising tool for the cultural sector in two national contexts?”

In order to pursue an answer of the above research question, we have to address questions that can frame and lead our research towards the desired direction. Some of these questions are:

- “What are the motivations for crowdfunding platforms to adopt the matched crowdfunding model?”
- “What are the motivations for Artists and Cultural Entrepreneurs as fundraisers to participate in matched crowdfunding schemes”?
- “What are the motivations for funding institutions to participate in matched crowdfunding campaigns?”
- “What are the benefits and constraints of matched crowdfunding for the cultural sector?”

A research design according to Bryman (2008, p. 46), “follows the objectives of the study” and the practical goals that lead the researcher to initiate the study (Richards & Morse, 2007). This is an exploratory study, with the purpose to identify and explore the motivations for crowdfunding schemes to adopt matched crowdfunding as an alternative fundraising tool for cultural projects in Greece and the Netherlands. Consequently, the exploratory nature of this study, along with the literature and empirical gap on crowdfunding and especially matched crowdfunding, lead to the need for a qualitative research. Moreover, an inductive method was used in order to explore perceptions and opinions on the matter. The inductive method helped the researcher to generate a theory derived from case studies in the two countries (Byrman, 2008). However, during the reflection and analysis of the data, the researcher used ideas and themes derived from the “theoretical memos” (Glaser & Strauss, 1967, p. 28) and the

concepts that drive this study to conduct a comparative analysis. This constant integration of theory and “emerging questions and patterns” resulted to a mix of induction, deduction and verification process, towards the construction of a grounded theory (Heath and Cowley, 2004, pp. 143, 149).

The qualitative research method was chosen as the method that fits the lack of sources, the restrictive published documents and articles on crowdfunding and matched crowdfunding that could possibly be collected (Richards & Morse, 2007). In order to supplement the data collected from the interviews, a non-intrusive document analysis was done, using sources that were publicly available. For the document analysis, the online sources that were used are: info from the crowdfunding platforms (website info and annual reports if available) and policy recommendations data (published by private organizations and governmental institutions). The documents analysis used samples mainly from Greece and the Netherlands. However, a more restricted document retrieved data from the United Kingdom, which will be explained further below. The documents followed the four criteria as presented by Scott (1990, p.6) as far as the assessment of quality is concerned: 1) *Authenticity*, 2) *Credibility*, 3) *Representativeness* and 4) *Meaning*. However, the main sources of the research were collected through interviews with professionals of each of the two countries (Greece & the Netherlands). The interviewees, managed to share their valuable insights and opinions as far as the motivations for adopting or participating in matched crowdfunding campaigns for cultural projects is concerned. The sample can be considered restricted in terms of being represented by the “supply” side. A quantitative research method, could give the researcher the opportunity to explore also the “demand” through questionnaires or surveys to a wider crowd of people participating in matched crowdfunding cultural campaigns. However, the interviews were not designed in order to create a statistical rate or a numerical index. The interviews were aiming to succeed in-depth discussions and extract enlightening information and insights from people involved personally in matched crowdfunding projects. Moreover, this research intends to illuminate the literature and empirical gap on crowdfunding and matched crowdfunding, and especially the need for further research on the supply side. The interviews took place

between the period –March to June- concerning managers from crowdfunding platforms and funding institutions, in Greece and the Netherlands.

## 3.2 Research method

After the aim of the research and the ideal methods were decided, the researcher conducted an online investigation in order to find crowdfunding platforms in Greece and the Netherlands that respond to the criteria structured after the questions as mentioned above (1. Aim of the research), which were constructed as sub-questions that could frame the basic research question. The online research indicated crowdfunding platforms and funding institutions that were involved in matched crowdfunding cultural projects both in Greece and in the Netherlands. The researcher, approached managers from those organizations in order to benefit from the actors' personal experience, knowledge and perception that they developed during their involvement to the matched crowdfunding projects (Lindlof & Taylor).

Qualitative interviews give the flexibility to the interviewer to adjust and guide the discussion according to the responses of the interviewee and thus deviate from the pre-decided structure of the interview with follow up questions that can clarify responses or even elaborate further on them (Bryman, 2012). In the semi-structured interviews, the interviewer follows a list of questions known as “interview guide<sup>8</sup>” (Bryman, 2012) but the questions may not follow exactly the sequence of the list. At the same time, the interviewer can use probing in order to deepen more in the subject or to ask for clarifications on answers. In the interview guide of this research, both closed-ended and more open questions were included in order to give the interviewee the freedom to share relevant empirical facts (Lindlof & Taylor), creating at the same time a more personal and “comfortable” environment that can inspire trust to the interviewees and lead them to share more of their experiences and opinions on the subject.

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<sup>8</sup> Interview guide available below as “APPENDIX A”

A total of nine face-to-face and telephone<sup>9</sup> semi-structured interviews were conducted with a duration of approximately 40-60 minutes each<sup>10</sup>. Four of the interviews were with managers from organizations in Greece: “The National Bank of Greece”, “The Onassis Foundation” and the company “Crowdpolicy”. In the Netherlands three interviews were conducted with managers in the Dutch organizations: “Voordekunst”, “Cinecrowd”, “Amsterdam Fund for the Arts” and “Kunstloc Brabant”. All participants held or hold major roles in organizations that are directly involved in matched crowdfunding cultural campaigns. The telephone interviews were selected as an option either due to the distance (when interviewees were in another country) or as a solution during the precautions of corona virus times. However, in order to achieve a more personal and direct communication, the remote interviews were conducted with video via skype.

### 3.3 Sampling

In qualitative research the researcher uses a number of samples from the population in order to create a context, in which will achieve an in-depth understanding of the reality that is intended to be investigated (Lindlof & Taylor, 2011). In qualitative methods the samples are usually relatively small and carefully selected. While in quantitative methods the samples cover a bigger part of the population, they are mostly selected randomly and the researcher in the end aims to generalize the result to the whole population (“probability form of sampling”) (Patton, 2002, p. 273). This strategy is not useful when the researcher intends to have an in-depth understanding of the cases and more specific findings. Thus, specific criterion are used in order to select accurately the samples, either by using an understanding of the case based on the theoretical framework, or by using common sense of what samples will serve the best way the strategy of the research (Lindlof & Taylor, 2011). These are cases that will be able to enrich the findings and provide the researcher with valuable information that will have an added value to the

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<sup>9</sup> The research was conducted during the pandemic period of COVID-19 resulting to a restriction of travelling and face-to-face contacts. Hence, most of the interviews were conducted via Skype as the best solution under those circumstances.

<sup>10</sup> In total 7 hours of interview were reached



study. This means that the researcher will not seek for participants on a random basis but will select instead the samples/participants in a strategic way using the purposive sampling method (Bryman, 2012). According to Patton (2002, p.273), purposeful sampling lies in selecting such “information-rich” cases whose study will give useful insights and illuminate the questions of the study. As Bryman (2012, p. 418) adds, “In purposive sampling, sites (like organizations) and people in sites are selected for their relevancy to the research questions”. As a result, the researcher should always take into consideration the criteria that will lead to an inclusion or exclusion of sample units.

This research focuses on match-funding strategies within platforms in Greece and in the Netherlands. The researcher at first decided to study a single case of matched crowdfunding in Greece, which was the first and only (so far) model of that alternative fundraising tool in the country. The interest was created as Greece is a country that in recent years has suffered severe budget cuts to all aspects of social and cultural entrepreneurship and business as a result of the economic crisis (2009-2019). Thus, the existence of only one crowdfunding platform that adopts match-funding practices along with the limited sources of fundraising for the cultural sector, raises questions and an interest to study further the case. Later on, the necessity of a comparison with a second country that is more familiar with crowdfunding and match-funding methods for the support of the cultural sector arose, in order to have a more spherical and in-depth understanding of the model and the motivations that lead the actors to embrace it. The Netherlands, is the second country where samples were taken and is a country where budget cuts in culture (and other sectors) have also occurred as a consequence of the global financial crisis (2007-2008). However, in the Netherlands alternative fundraising tools are widely spread and adopted by many businesses and organizations and are supported by the government as well. These similarities and differences between the two countries were used in order to create a clear image of the motivations that the platforms and the funding institutions had to adopt them. Moreover, there was the interest to collect their impressions on the motivations for the artists and cultural entrepreneurs, as well as the benefits and constraints that matched crowdfunding schemes could have for the cultural sector in the two countries. At the same time, these opposed cases were chosen in order to compare the different practices and the different

background contexts that motivated them. More specifically, the differentiation of the cases is focused on the fact that Greece is a country with only one crowdfunding platform, limited recommendation policy and minimum participation from the crowd, while at the same time, in the Netherlands crowdfunding campaigns for cultural projects are widely adopted with the involvement of public funds, higher crowd participation and platforms with projects solely from the cultural sector.

In Greece, four managers from well-regarded entities were interviewed (Table 1). All of them are key-participants from different managerial positions that were involved in the same single case of the country, the crowdfunding platform “Act4Greece”. In the Netherlands, five representatives from different entities were interviewed, including the crowdfunding platforms “Voordekunst” and “Cinecrowd” and the funding institutions “Amsterdam Funds for the Arts” and Kunstloc Brabant”. All participant were involved in matched crowdfunding campaigns in their countries.

After the empirical research through the qualitative approach was completed, the researcher conducted a document analysis of the platforms websites (Table 2). Additional data were collected regarding the history, the performance and the mechanism of the platforms in the Netherlands and in Greece. Furthermore, as mentioned above, document analysis was supplemented with research in the United Kingdom. The research included document analysis on one of the prominent crowdfunding platforms in the country, called “Crowdfunder” combined with analysis of policy recommendation documents (DCMS) and a published study on a matched crowdfunding pilot on the aforementioned UK platform, with the title “Matching the Crowd.”

United Kingdom was used mostly as a point of reference during the analysis of the data collected from Greece and the Netherlands. This decision was encouraged by the

Interviews	Name	Gender	Country	Platform/Foundation	Role
	Kristel Kasander	Female	NL	Voordekunst	Managing Director
	Jeltje Hillen	Female	NL	Cinecrowd	Head of Projects
	Laura van Oord	Female	NL	AFK	Executive Officer
	Joosje Duindam	Female	NL	Kunstloc Brabant	Consultant Financing, Art & Liveability
	Ella Kuijpers	Female	NL	Kunstloc Brabant	Grant Coordinator
	Louka Katseli	Female	GR	Act4Greece (NBG)	Chair of NBG for the period 2015-2016
	Paraskevi Boufounou	Female	GR	Act4Greece (NBG)	Act4greece Team member & Scientific Advisor
	Efi Tsiotsiou	Female	GR	Onassis Foundation	Executive Director
	Michael Psalidas	Male	GR	Crowdpolicy	Managing Director

Table 1. Details of Interviewees

Document Analysis	Country	NL	NL	NL	NL	GR
	Platforms/Foundations	Voordekunst	Cinecrowd	AFK	Kunstloc Brabant	Act4Greece
	Websites & Reports	<a href="#">Website</a>	<a href="#">Website</a>	<a href="#">Website</a>	<a href="#">Website</a>	<a href="#">Website</a>
	Country	UK	UK	UK	UK	UK
	Platforms/Foundations	Crowdfunder	Nesta	Nesta/DCMS	DCMS	DCMS
	Websites, Reports & policy recommendations	<a href="#">Website</a>	<a href="#">Website</a>	Report: "Matching the Crowd"	<a href="#">Website</a>	<a href="#">The Culture White Paper</a>

Table 2. Details of Documents

fact that literature shows that the United Kingdom has a significantly active crowdfunding scene, especially for cultural projects, compared to other countries in Europe (De Voldere, 2017). Moreover, a document analysis in the UK, allowed to the researcher access to policy recommendations along with the results of a pilot on matched crowdfunding, designed according to policy recommendations by the UK government for the support of the cultural sector in the country. As a result, the limited literature on matched-crowdfunding, the empirical gap as well as the limited access to public recommendations in Greece and the Netherlands, brought to the surface the need of an additional –limited- research in the UK.

As mentioned at “Research method” (2) section, in qualitative methods the aim of the research through the in-depth interviews is to analyze the content while forming categories from the collected data and then attempting to analyze the dynamics between these categories, while at the same time taking into consideration the personal perception and lived experience of the interviewee (Dworkin, 2012).

### 3.4 Data Analysis

As Patton (2002, p. 275) argues, “qualitative analysis transforms data into findings, however the formula for the analysis does not exist”. Moreover, there seems to be a controversy around the subject of the qualitative analysis as a result of the subjectivity of the data and the “inquirer-dependency” (Patton, 2002 p. 276). Although there are no absolute rules, Saldana (2009) highlights the importance of the customization of the tools that have to be used which will serve the purpose of the study. This means, that despite the lack of a universally accepted pattern, each study can use different analytical tools to succeed its purpose.

The current study followed the three steps during the analysis process of the collected data, as introduced by Lindlof & Taylor (2011, p. 243): 1) *Data management*, 2) *Data reduction*, 3) *Conceptual development*. *Data management* refers to the gaining of a relatively control over the big amount of data retrieved through the interviews and the articles. As a result, software tools for categorization, sorting, organizing and managing

files is the first step. The next step, called *data reduction* includes the emergence of “schemes of interpretation”. At this step, data are “reduced” into categories and codes and combined in a way that frames of analysis can be built (Lindlof & Taylor, 2011, p. 243). *Conceptual development* is the final step, where the final goal of the analysis is pursued. The categories and the codes that have been created out of the findings are analyzed, compared and conceptualized according to the research questions and the relevant questions built around it. Saldana (2009, p.8) elaborates more on the coding procedure, calling it not simply a label process, but a linking one. This process “leads from the data to the idea, and from the idea to all the data pertaining to that idea”. Coding in other words “is a method that enables the researcher to combine and group similarly coded data into categories that share some similar characteristics, creating this way a pattern” (Saldana, 2009, p. 8).

In this study, the first step of the researcher after the construction of the research question and the main questions around it (as mentioned at “Aim of the research” section 1.), was the creation of a number of basic categories that would navigate the research towards the desired findings for the research question. Furthermore, these categories were used as basic themes that navigated also the sampling criteria and the interview guide. After the interviews were conducted, the data were collected and transcribed and then the thematic network analysis<sup>11</sup> was used for the analysis (Attride-Stirling, 2001). After the transcription of the interviews, the researcher collected comments and points derived from the data in conjunction with the main questions of the research. The pattern with the basic categories that was constructed at the beginning of the research was enriched with more distinct categories during the stage of analysis, using the software Atlas.ti, which is a computer program that facilitates the coding procedure.

The thematic network analysis is a method of organizing a thematic analysis for qualitative data (Attride-Stirling, 2001). This method helps to identify themes and construct them. More specifically, “the thematic networks procedure, provides a

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<sup>11</sup> Attride-Stirling (2001, p. 386) proposed the use of “thematic networks” during the thematic analyses. These networks are “web-like illustrations (networks) that summarize the main themes constituting a piece of text.

technique for breaking up text, and finding within it explicit rationalizations and their implicit signification” (Attride-Stirling, 2001, p.387). A thematic network analysis is developed following the creation of three layers of themes: the *Basic themes*, the *Organizing themes* and the *Global theme*. According to Attride-Stirling (2001), the thematic network analysis starts with the creation of the *basic themes* where a first categorization of the basic characteristics of the data is done. Later, the *basic themes* are organized into clusters in the middle-order stage called, *organizing themes*. During the final stage, the *organizing themes* are grouped into different pairs presenting an argument or a perspective on a matter of the study, called *Global themes* (Attride-Stirling, 2001).

#### 3.4.1 Interview and document analysis categories

During the first stage of this research, the researcher as mentioned at “Data Analysis” section 4, created some basic categories, derived from the research questions and the questions constructed from it in order to assess the motivations that could drive the involved actors to embrace matched crowdfunding for cultural projects in the Netherlands, Greece and the UK. The motivations were divided according to the actor’s perspective needed each time. As a result, in order to form an in-depth understanding on the drivers that lead to the adoption of the match-funding model in the two countries, the analysis categories had the perspectives of four different actors: the platforms, the funding institutions, the fundraisers (artists and cultural entrepreneurs) and the cultural sector as a whole. In order to have a more precise direction towards these findings, major categories of themes (concepts) were created. The three categories that were created by the researcher were used for the interview guide as well as a guidance during the document research for further data. These categories were: 1) Platforms and match funding, 2) Artists and cultural entrepreneurs and 3) The cultural sector. Table 4. shows the themes that were constructed based on these three basic categories.

<b>Categories and Codes</b>
<b>Platforms and Match-funding</b>
Institutionalization
Curatorship
Partnerships as drivers of engagement with the crowd
The matched crowdfunding models
<b>Artists and Cultural Entrepreneurs</b>
Network developments
Career developments
Restriction of art and cultural creation
Consulting
<b>Funds</b>
Crowd engagement
Financial sustainability
Public policy

Table 3: Codes and Categories as basic themes (draft)

<b>Thematic Network Analysis themes</b>	
<b>Global themes</b>	<b>The mechanisms of matched crowdfunding</b>
Organising themes	Match-funding encouraged by the presence or absence of public policy
	Curatorship level of the platform depends on the match-funding mechanisms of the funding institution
	The role of the “Top Up” and “Bridging” match-funding model
<b>Global themes</b>	<b>Matched crowdfunding motivations for platforms</b>
Organising themes	Matched crowdfunding builds credibility and trust for the platform
	Higher success rates for projects
	Crowd engagement and raising awareness
	Partnerships for the financial sustainability of the crowdfunding platforms
	The expertise of foundations on fundraising processes
<b>Global themes</b>	<b>Matched crowdfunding motivations for artists &amp; Cultural Entrepreneurs</b>
Organising themes	Matched crowdfunding as a tool to receive subsidies
	Projects receive extra money and approval by experts
	Guidance and expansion on skills
<b>Global themes</b>	<b>Matched crowdfunding motivations for funding institutions/partners</b>
Organising themes	Crowd Engagement
	Fund Acceleration

Table 4: Thematic Network Analysis themes

During the stage of the analysis, these Categories and Themes were used as a navigation throughout the data collected from the interviews and the additional documents. As a result, following the thematic network analysis, the researcher tried to identify these basic themes and concepts inside the data collection and confirm or reject them as themes that can be supported by the data collection or the theoretical framework. This procedure, created the final *Organizing themes* as described by (Attride-Stirling, 2001).



# Chapter 4: Results

In the following sections, the information as obtained from the document analysis and the interviews will be presented and interpreted in the light of the literature review and the conceptual framework as illustrated in chapter 2, in order to answer the research questions of the thesis. The first section will present information of the crowdfunding platforms as the main actors of this research in Greece and in the Netherlands, with complementary data from the UK. The presentation of these background information will serve for the creation of a context around the analysis objectives. Furthermore, the match-funding mechanisms will be presented to enlighten further this study the matched crowdfunding. For organizing reasons, the most relevant data, will be collected and presented on a table in this section. The following sections of the results will present the “Organizing themes” under the “Global Issues” that emerged from the analysis of the interviews, as suggested by the Thematic Network Analysis (Attride-Stirling, 2001).

## 4.1 Background information on the crowdfunding platforms

### 4.1.1. Act4Greece (Greece)

Until 2016 the crowdfunding activity in Greece was very limited, due to the absence of the appropriate regulatory framework that would allow crowdfunding platforms established in the country (Spanos, 2018). Moreover, in Greece the same period, there was an absence of public policy that would encourage innovative and entrepreneurial business initiatives (Avdikos, Michailidou & Klimis, 2017). As mentioned in the literature review, the government support for the cultural sector was reduced significantly as a consequence of the economic crisis (Matsaganis & Leventi, 2014). This, along with the reduced bank lending system and the increased taxation, discouraged entrepreneurial initiatives in the country (Williams & Vorley). However, in December of 2015, the abovementioned law was amended, allowing banking institutions to pursue fundraising donations via online platforms in terms of their CSR (Corporate

Social Responsibility) programs (Spanos, 2018). The amendment of this legislation was implemented after the request of the National Bank of Greece (NBG), which is the oldest and largest financial banking group in the country (Katseli & Boufounou, 2020; Spanos, 2018).

In February 2016, after the legislation passed, the NBG created the crowdfunding platform “Act4Greece”. Act4Greece, was the first crowdfunding platform in Greece, with the mission to “to enhance awareness among the public and to motivate people to contribute, as much as they can, to the implementation of projects that are needed by Greek society” for the promotion of social and developmental banking (<https://www.act4greece.gr/the-act4greece>) but also for the management of funds donated by individuals all over the world and national and international funding institutions (Katseli & Boufounou, 2020). National Bank of Greece, formed also strategic partnerships with some of the major and well-regarded private foundations of the country with a demonstrable impact on society (Spanos, 2018). These foundations are the Alexandros S. Onassis Foundation, the John S. Latsis Foundation, the Bodossaki Foundation, the Hellenic National Commission for UNESCO and the Hellenic Network for Corporate Social Responsibility. These institutions contribute with their expertise as well as with matched funds for the support of projects (<https://www.act4greece.gr/the-act4greece>).

Country of origin	NL	NL	GR	UK
Name	Voordekunst	Cinecrowd	Act4Greece	Crowdfunder
Mission/Vision	1. stimulate entrepreneurship among creative initiators and cultural institutions, 2. increase public support for art and culture	Aims at the realisation of films, starting from the idea to involve the crowd - the eventual audience of a film - in the creation of a film	The act4Greece program offers ways for society to move from the fear of crisis to hope, solidarity and new prospects presented by the helping hand of our fellow men.	To tackle society's challenges and change the world through crowdfunding.
Foundation year	2010	2011	2016	2011
Initiator	Amsterdam Funds for the Art	Private	National Bank of Greece	Private
Funding method	All or nothing	All or nothing	All or nothing and Keep what you raise	All or nothing and Keep what you raise
Legal entity	Foundation	Foundation	Foundation	LTD Company
Type of crowdfunding	Donation based/ Reward based	Reward based	Donation based/Reward based	Donation, Reward, Equity based & Community shares
Match funding	yes	yes	yes	yes
Main areas of interest	Arts and Culture	Cinema	7 action areas	8 Categories
Partnerships	19 (AFK, Prins Bernhard Culture fonds, Province of Gelderland, Mondiaan Fund, BankGiro Loterij Fonds etc.)	28 (AFK, Mondriaan Fund, Kunstloc Brabant, Cinemasia, BankGiro Loterij Fonds, the 48 Hour Film Project etc.)	6 (National Bank of Greece, Onassis Foundation, Latsis Foundation, Bodossaki Foundation, Hellenic National Commission for UNESCO, Hellenic Network for CSR)	70 (national and regional: UK, Scotland, England, North, Midlands, London, South)
Outreach	the Netherlands and Belgium	International	Greece	Great Britain
Financing of the platform	projects and partners fees	projects and partners fees	National Bank of Greece	projects and partners fees
Money donated annually	4.2m (2018)	659k (2019)	1.3m(2019)	n/a
Money donated until now	27.9m	5.1m	3.6m	72m
Success rates in 2019	84% (2018)	84%	n/a	n/a
Currently active	yes	yes	relatively	yes

Table 5. Information on the platforms

“Act4Greece” covers seven key areas of social, cultural and entrepreneurial development in the country, which are also compatible with many of the Sustainable Development Goals as set by the United Nations (<https://www.un.org/sustainabledevelopment/sustainable-development-goals/>): “1. Welfare, health and solidarity, 2. Research, Education and Solidarity, 3. Culture, and Cultural Entrepreneurship, 4. Social Economy and Entrepreneurship, 5. Environment and Sustainability, 6. Youth and Innovative Entrepreneurship and 7. Sporting Activities” (Katseli & Boufounou, 2020, pp. 13-14). With the vision of supporting crowdfunding initiatives in terms of the above pillars, Act4Greece had the vision to generate synergies

between the fundraisers, the partnered institutions and the crowd (Kasteli & Boufounou, 2017). According to the data available on the platform, in 2019, EUR 1.3m were donated to projects and EUR 3.6m in total have been collected since 2016 for projects that belong to the first three key pillars of the platform. Act4Greece follows both *the all or nothing* and *the keep what you raise* methods, depending on the nature of the campaign. Moreover, according to respondents, the platform does not require fees from participants or partners, as the National Bank of Greece manages all the operational costs of the platform. Act4Greece is currently active but with a significantly reduced activity.<sup>12</sup>

#### 4.1.2 Voordekunst (the Netherlands)

“Voordekunst” (English: For the Arts), is today (2020) the largest donation-based crowdfunding platform in the Netherlands. It was launched the November of 2010 as the first donation/reward based crowdfunding platform dedicated to arts and culture projects in the country by the Amsterdams Fonds voor de Kunst (AFK) (English: Amsterdam Fund for the Arts) (<https://www.voordekunst.nl/>). According to the available data on the platform, Voordekunst was created with two basic missions: “1. to stimulate entrepreneurship among creative initiators and cultural institutions and 2. To increase public support for art and culture”. AFK took the initiative of creating Voordekunst in the search of solutions to some major issues that research brought to light. Some of these issues, where: 1. the difficulties that artists and smaller cultural organization faced to acquire public and private financing for their projects, due to the minimum exposure they had to such entities. 2. The small amount of donations that was ended to support for the arts and cultural from the Dutch people. 3. The lack of entrepreneurship and marketing skills of the artists in order to present themselves and their work to the public and to funds in order to receive subsidies (<https://www.voordekunst.nl/paginas/about>). Moreover, the effects of the economic crisis started to result in implications to the cultural sector with big budget cuts in

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<sup>12</sup> This comment emerges from the data available on the data, and from the respondents’ impression. However, the reasons behind this lower activity could not be explored, as the researcher did not manage to reach a representative from the current management team of Act4Greece.

regards to the government expenditure on cultural support (Compendium site). Thus, as the respondents in the Netherlands argue and according to Bonet and Donato (2011), the need for alternative funding tools that could enhance the reduced amounts of subsidies and could take advantage of collective and crowd engaging practices, emphasized the necessity of a crowdfunding platform as Voordekunst, as a helping hand for the cultural sector. In 2011, as Kristel Casander, the Managing Director of Voordekunst said, the crowdfunding platform became an independent foundation, operating mostly through the funds received from some of the private and public entities (annual fees) as well as the fees imposed to project creators (handling fees and success commissions).

Voordekunst has formed so far 19 partnerships with public and private institutions in the country including: Amsterdam Fund for the Arts (AFK), Mondriaan Fund, Prins Bernhard Culture Fonds, BankGiro Loterij Fonds, and many Provinces around the country (<https://www.voordekunst.nl/paginas/over-ons/partners>). These are partnerships either with foundations with private funds or with the foundations (funds), that according to the literature, are used by the government to distribute the public funds, in the form of subsidies, throughout the national infrastructure of the country, on a national, provincial or local level (Compendium of Cultural Policies and Trends, 2019). According to the available data on the platform, Voordekunst along with its partners, until 2018 managed to donate EUR 27.9m to crowdfunding projects, donating annually EUR 4.2m (2018). According to the same source, Voordekunst holds a success rate of 84% (2018) which is connected to a great extent to the consulting that is offered to project creators and cultural organizations for their crowdfunding campaigns by the platforms. This support includes workshops and masterclasses, telephone and e-mail support and coaching to individuals and organizations (<https://www.voordekunst.nl/>). Voordekunst follows the *all or nothing method*, which according to the literature means that if the project cannot reach (for Voordekunst its funds up to 80% of) the target amount, then all donations are refunded to backers and institutions (Kuti Madarasz, 2014).

#### 4.1.3 Cinecrowd (the Netherlands)

Cinecrowd is a reward-based crowdfunding platform dedicated to films. It was established in 2011 by two filmmakers after the success of their crowdfunded short film, with the mission to “realize films, starting from the crowd –the eventual audience of a film- in the creation of a film” (<https://cinecrowd.com/>). Cinecrowd is a foundation with no public support, while the financing of the platform is mostly achieved with the handling fees from the fundraisers, the success commissions and the annual funds from some of the partners, as Jeltje Hillen, Head of Projects in Cinecrowd said. The platform has currently, 28 partnerships with public and private institutions, including: AFK, Kunstloc Brabant, Cinemasia, the 48 Hour Film Project etc.

According to Cinecrowd website, the platform offers guidance to prospective filmmakers throughout the phases of their crowdfunding projects including the creation of their campaign page on the platform, the targeting of their audience, the communication strategy and the match-funding application process. According to the the platform website, Cinecrowd follows also *the all or nothing* method, with the prerequisite of 80% of the target amount collected successfully, in order for the funds not to be returned to the crowd and the institutions. In 2019 EUR 658k were donated through Cinecrowd to fundraisers and since 2011, EUR 5.1m have been donated in total, with the platform holding 84% success rate (<https://cinecrowd.com/>).

#### 4.1.4 Crowdfunder (UK)

Crowdfunder is the biggest crowdfunding platform in the UK. It was established in 2011 with the mission to “tackle society’s challenges and change the world through crowdfunding” (<https://www.crowdfunder.co.uk/>). The platform adopts four different types of crowdfunding: 1. Donations, rewards, Community shares<sup>13</sup> and equity. Moreover, there is not a focused category of projects, but many different categories. The eight categories of interest cover sectors such as Arts and Culture, Social Entrepreneurship, Start-ups, technology, education, sports etc.

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<sup>13</sup> Community shares in the community means that the fundraiser can work with their supporters in order to have ownership of something in their community.

According to the available data on the platform website, until 2019, GBP 70m have been donated to individual fundraisers and organization through Crowdfunder. The success of the platform is linked to the extensive coaching that experts from the platform provide to project creators, as well as the extra amount of over GBP 4m that is coming from the 70 partners that the platform has. However, this amount is mostly for organizations and not individuals, as mentioned in the platform's website. Among the partners are public and private organizations, charities and funding bodies from regional to national, across the Great Britain.

## 4.2 The mechanisms of matched crowdfunding

As mentioned in literature, the economic, political and cultural heterogeneity across Europe along with the different regulatory context of each country, results in the preference of domestic crowdfunding platforms (Dushnitsky, 2016). These platforms adopt different strategies and mechanisms based on the national or local particularities (De Voldere, 2017). When it comes to the match-funding mechanisms, platforms seem to be also affected vastly by the same particularities.

### **A. Match-funding encouraged by the presence or absence of public policy**

As mentioned in the report: Reshaping the crowd's engagement in culture, several cultural policy makers in Europe consider match-funding as a tool to accelerate the (reduced) public funding through crowdfunding schemes (De Voldere, 2017). In countries like the Netherlands, the subsidy system is connected to foundations which are called "funds" and distribute public funding across the cultural organizations, on a national or provincial level (Compendium of Cultural Policies and Trends, 2019). Ella Kuijpers, who is currently a Grant coordinator in Kunstloc Brabant foundation says:

"They are called funds, but it's public money from the government and they directly support the sector through their base." (Ella Kuijpers)

During the economic crisis and the budget cuts in the cultural sector, the government considered crowdfunding as a valuable tool that could boost the funding of the cultural

sector. Moreover, the government encouraged the use of the crowdfunding schemes by the foundations in order to leverage additional funds for the cultural sector. Laura Van Oord, executive officer in Amsterdam Fund for the Arts explains that Voordekunst was not created from AFK because of the economic crisis, but resulted in a useful tool, suggested also by the government:

“When Voordekunst was launched in 2010, I think it was around the time that they announced the cuts and then the government says, well you have things like Voordekunst, so you can use it. This was not the initial idea. It was like an alternative way of financing, but it became maybe more necessary after the budget cuts.” (Laura Van Oord)

However, although the funds are public money coming from the government, the institutions configure their own policy, which allows them to form their own criteria on the selection of the projects based on their expertise. Laura Van Oord explains:

“Well, it works in the way that city government, the department of Arts and culture define in terms of policy, the policy fees for the city. And that is laid out in the policy plan and memorandum for four years. In this framework, we function as a fund. We develop our own more detailed policy. And we have to develop different types of funds and schemes. We are independent in the decisions we make. But the schemes in general have to be approved by city Government. So the guidelines have to be approved and then the decisions we make, we do that ourselves, they are based on expert reviews.” (Laura Van Oord)

From the other side, in Greece, the lack of public funds, along with the limited public policy to boost entrepreneurship and in general innovative pursuits for smaller and medium businesses resulted in the initiative of Act4Greece from a private banking entity in terms of its CSR programme. Michael Psalidas, the Managing director of Crowdpolicy, the company that built technologically the platform argues:

“In Greece, there is not enough funding, this is the problem, and this is why the country is not developing. There is not enough funding from the banks, from the government, from the private sector, from anyone. So, (Act4Greece) is a good opportunity to support this funding model (matched crowdfunding).” (Michael Psalidas)

Moreover, matched crowdfunding is many times implemented according to policy recommendations by governments, in order to assess the potential of match-



funding as an alternative financing tool for the support of the cultural sector (Senabre & Morell, 2018; De Voldere, 2017). In the UK, the government, after the cuts on public funding for the cultural sector due to the economic crisis, published a report called “The Culture White Paper” in 2016, announcing all the public policy recommendations and actions for the support of the cultural sector. (Department for Digital, Culture, Media & Sport, 2016). Among other actions, the government decided to explore how public funds could maximize the crowdfunding potential, by running a pilot on matched crowdfunding. (Department for Digital, Culture, Media & Sport, 2016; De Voldere, 2017). This pilot was implemented by Nesta on the platforms Crowdfunder, with a match-funding pool of almost GBP 300k provided by the public foundations: the Heritage Lottery Fund and the Arts Council England (Baeck, Bone & Mitchell, 2017). Moreover in 2016, more than GBP 1m matched funding was available in the UK for crowdfunding projects (Baeck, Bone & Mitchell, 2017). The sources of this funding are various, such as local and national governments, foundations and businesses, proving the collaboration of different entities, following the UK public policy and recommendations.

## **B. Curatorship level of the platform depends on the match-funding mechanisms of the funding institutions**

The matched crowdfunding literature indicates that there are different ways that match-funding is applied by partners when it comes to the selection of projects they will support. One approach is the so-called “one of the crowd”, assessing every project that has applied for match-funding (Baeck, Bone & Mitchell, 2017). The other approach is that the funding institutions announce to the platforms the available amount for match-funding, creating a “match-funding pool”, along with their selection criteria (Senabre & Morell, 2018). These different approaches, as derived from the interviews, vary among funding institutions.

Act4Greece is a strictly curated platform, in the sense that the strategic partners, including the partnered foundations, decide a priori which of the categories of the platform will open (i.e welfare, cultural entrepreneurship etc.), before the call

for new projects on a national level. After the submission, a first evaluation of the projects is conducted by the management committee of the NBG, giving scores to the projects in terms of relevance and feasibility. At the final stage, the strategic committee, consisting of the National Bank Management team and the strategic partners, conduct a meeting in order to finalize the selection of the projects that will be included in the platform. Efi Tsiotsiou, Executive Director of Onassis Foundation, explains that the criteria are decided during the strategic committee meeting and are not fixed, but change and evolve in order to keep up with the current needs of society. The institutions assist this procedure through their expertise and the network from fundraisers they have created over the years. As she mentions:

“The criteria are relevant to the current affairs, the situation and the urgent needs in the country. [...] It was easier the selection because we (Onassis Foundation) were also scouting, because as a foundation we have contact with many organizations, because they are asking financial support from us as foundation. Every year we receive more than 500 applications for funding, so we know the needs.” (Efi Tsiotsiou)

Voordekunst, on the other hands, is an open platform, which means that there is not a strict selection of projects, or specific criteria imposed by the platform that national projects have to meet. Kristel Casander though, explains how important is to be precise with a crowdfunding campaign:

“We don’t look at the artistic view of the projects, we only look if it’s good for crowdfunding. So it has to be concrete. You have to be very precise with what you are going to do with the donations.” (Kristel Casander)

The same applies for Cinecrowd, although it is a curated platform. However, apart from a basic selection on the quality of the projects, the platform is open to filmmakers. However, the most important part of “curatorship” for Cinecrowd, is the guiding of the filmmakers, in order to reach their target audience, as Jeltje Hillen explains:

“We are a curated platform. But of course it is on the audience to decide if a project has to be made or not. So, we judge the quality of the projects just a little bit. I think the most important is that we discuss the crowdfunding campaign beforehand with the filmmakers, like their crowdfunding teaser, their campaign

plan and how they are going to reach their target audience. For us, that's more important than the quality of the film itself." (Jetlje Hillen)

However, there are match-funding criteria for the selection of projects from the funding institutions in the Netherlands, which follow mostly the approach of the a-priori announcement of specific criteria by partners. These criteria are different for every institution and are announced to the platforms as guidelines for the projects they are willing or interested to support every year. The management team of the platforms then, assesses the projects that could fit to that criteria and send match-funding applications to the foundations for separate projects. Laura Van Oord, Executive Officer in the Amsterdam Funds for the Arts, explains how important this system of curatorship is for the foundations:

"We set some criteria. And then Voordekunst and Cinecrowd, they make a selection of projects that are currently on the platform or will come at the platform. And from what they think should fit our criteria. And we get that monthly from them. And we only check it briefly and then give our approval. And then they would run through the platforms. And so the criteria we use are indeed around the importance for Amsterdam because we are an Amsterdam based funds (foundation)." (Laura Van Oord)

As mentioned by Laura Van Oord, in the Netherlands, the criteria of the foundations are also affected by the local or provincial funding system set by the government for the Cultural sector. As stated by the Compendium of Cultural Policies and Trends, 2019, the subsidy system for the cultural sector in the Netherlands uses cultural foundations (in the Netherlands they are called Funds) to channel the subsidies. This system is particularly supporting the regional development as many of the foundations support only regional projects. Kristel Casander explains:

"All the partners have their own criteria. And mostly it is because..that's why the local governments in the Netherlands are very important in this subsidy system, because they just give funds to something that's in their area. So Amsterdam only gives to an Amsterdam maker from Amsterdam or projects that will be realized in Amsterdam. And it is for the match-funding partners the most important criteria." (Kristel Casander)

After the first basic evaluation of the projects, the campaigns are constructed with the guidance of the management team of the platforms. At that stage, as mentioned also

earlier, the team evaluates which of the projects meet the criteria of the funds, and after discussing it with the fundraiser, the team prepares the applications for the match-funding. To the question if at Voordekunst, the management team would promote a project over another, Ella Kuijpers <sup>14</sup>remembers from the days she was working there:

“No, only if it fits to the criteria we would promote it. It’s not a matter of choice for us who we write the applications for. So, we would do it for every project if that was possible. But when we do it, we promote the projects, because we’d like anybody to get match-funded.” (Ella Kuijpers)

In Greece, the procedure of the selection of the projects that will be match-funded by the institutions, is conducted independently from the foundations, according to the internal criteria, the mission and the sectors of activity and interest of the foundations, adopting the “one-of-the crowd” approach. As a result, the funding institutions did not set specific criteria for match-funding. Efi Tsiotsiou argues on that:

“The foundations match funds to the projects they want, and if they want to.”(Efi Tsiotsiou)

### **C. The role of the “Top Up” and “Bridging” match-funding models**

As mentioned during the literature review, there are four different models of match-funding, depending on the time that the institutional funding is provided to the crowdfunding campaign (Baeck, Bone & Mitchell, 2017). This study shows that the model of the match-funding varies, depending on various factors, such as the needs of the projects, the mechanism of the platform, and mostly on the funding institution. Respondents of the interview both from Greece and in the Netherlands, agree with that categorization as well as the factors that can affect the implementation of these models.

In Greece, funding institutions and the National Bank of Greece, match their funds mostly following the “in first” model, by starting the campaign with the institutional funding. The amount of the money is not always the same, but it varies from 30-50 per cent of the target amount, which is expected to be donated by the crowd. As literature

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<sup>14</sup> Ella Kuijpers is currently working as Grant Coordinator in Kunstsloc Brabant. However, in the past she has worked as Project Assistant in the crowdfunding platform Voordekunst.

and respondents explain, this model encourages people to participate to the project, proving their support and preference on the project, while at the same time is a call-to-action for the crowd to donate (Baeck, Bone & Mitchell, 2017).

On the other hand, according to the respondents in the Netherlands, funding institutions adopt various match-funding mechanisms, with more prevalent the “top up”, where partners add their contribution to the crowdfunding campaign after a certain amount has been collected by the crowd and the “bridging” model, where the funding institution intervenes, in the middle of the crowdfunding to campaign to boost it, before it is completed and after it has collected a percentage from the crowd (Baeck, Bone & Mitchell, 2017). The rates of the donations range from 20 to 30 per cent as Kristel Casander, Managing Director of Voordekunst said and although most of the funding institutions prefer different methods, Kristel Casander suggests that the most effective mechanisms are those that can stimulate the crowd to participate in the first place, or can work as a reminder in the middle of the campaign:

“In the beginning and in the middle (of the crowdfunding campaign) (“top up” and “bridging” models) is very good. In the beginning is very good because it helps for the communication of the creator to say: “well, backers, I start now and I have good news, AFK helped me with the first amount. So, please, do you want to be my first backers to help? I already have a fund behind me. Now I need your support as a backer.” So, the trust is very important at the beginning of the campaign. And in the middle to boost it, because in the middle it’s always a quiet time in a crowdfunding campaign. And then you get a matching amount and it helps to activate the backers again” (Kristel Casander)

## 4.3 Motivations for crowdfunding platforms to adopt match-funding

### **A. Matched crowdfunding builds credibility and trust for the platform**

Information asymmetry between two or more parties can result to quality uncertainty, as there is an imbalance of the access to information for involved parties (Akerlof, 1970). As De Voldere (2017) argues, this lack of information in crowdfunding, in regards

to the awareness around the mechanism and the crowdfunding tool, the information around the projects and the reliability of the procedures can result to a lack of trust from the crowd and the fundraisers towards the platform. The lack of trust can be related to the credibility of the platform and the fear of the crowd that their donations will not be used properly, to support the intended causes. Louka Katseli during her interview mentioned that in Greece the crowd is skeptical towards donations, wondering how their money will be used:

“People in Greece think: I will donate money, but will they go where they are supposed to go, or they will be used for something else?” (Louka Katseli)

In Crowdfunding literature, the transparency of procedures of the platforms, detailed descriptions of the projects and constant updates on the phases of the campaign, are key factors to build the trust with the audience (Mollic, 2014; Voldere, 2017; Katseli & Boufounou, 2020). Moreover, cultural economics indicate that people tend to support more the so-called “superstars” and people who are familiar to them (Adler, 2006; Byrnes, 2015; Gerber & Hui, 2013). Superstars are people (or entities) that are considered well-regarded and receive the trust, recognition and appreciation of people (Adler, 2006; Rosen, 1981). Thus, for crowdfunding platforms, the partnership with a well-regarded public or private institution can channel useful information to the crowd and act as a bridge between the supply and demand side of the crowdfunding market, solving the information asymmetry and the mistrust of the crowd. All respondents from both countries agreed with the importance of the credibility of a crowdfunding platform, and most importantly to the fact that match-funding enhances or even builds that credibility.

In Greece, according to respondents the credibility of the platform was very important, as both the concept of crowdfunding and the Act4Greece platform, were at their infancy. This credibility was provided by the National Bank itself as well as the rest partners of the platform, according to Michael Psalidas:

“Credibility plays a big role. This credibility was given by the National Bank, the partnered foundations and the fundraisers themselves.” (Michael Psalidas)

At the same time, the reliability of a partner, according to respondents was a signal of credibility of the platform also for other partners. In Greece, as mentioned above, the

fact that NBG was the initiator of the Act4Greece platform, made the rest partners agree to participate. Louka katseli & Boufounou (2017), stress the importance of a reliable entity, as a bank, that runs or is a partner of the crowdfunding platform as a key of success of the platform. Accordingly, AFK gave to Voordekunst the credibility it needed during its first years to attract more partners, as Ella Kuijpers mentions:

“(Partnership with AFK for Voordekunst) was a way also to convince other partners and other funds to get involved. I think it gave the credibility it needed as it was starting, to get a head start. And I think that now is also very important for the crowd to contribute, if they see that there are some funds behind it.” (Laura Van Oord)

Moreover, the transparency and reliability of the selected partnered foundations that are charitable, non-profit organizations, works as guarantee for the crowd and fundraisers in Greece as Efi Tsiotsiou, Executive Director of Onassis Foundation argues:

“This platform (Act4Greece), bears the credibility and the guarantee of all the foundations that participate in it [...]. These are charitable foundations that are not seeking for profit, have no agendas or second thoughts and have never been accused for transparency or secret agenda issues.” (Efi Tsiotsiou)

Partnerships have also the effect of a signal of quality like a guarantee or “stamp” that proves the reliability and trustworthiness of the platform, as Jeltje Hillen argues:

In Dutch you have this word, like “stamp for the quality”. It has to do with the indication of the quality of the platform. If people see we cooperate with AFK, and Mondriaan and Kunstloc, they say “oh, that’s nice, it’s of higher quality.” (Jeltje Hillen).

## **B. Higher success rates for crowdfunding projects**

The report “Reshaping the crowd’s engagement in culture” showed that in Europe, although crowdfunding has been adopted by many countries, with more than 600 active platforms (by 2013), only half of their campaigns, manage to reach their targets successfully (De Voldere, 2017; Senabre & Morell, 2018). As a result, match-funding emerged as a solution that could possibly bring more funds (private and public) to the platforms, which could potentially affect positively the success rates (Senabre & Morell,

2018) Thus, some platforms adopt pilots of matched crowdfunding on platforms to assess the impact of the match-funding to the crowdfunding platform, with the intention to manage to reach the target amounts (De Voldere, 2017). More specifically, the pilot that was implemented by Nesta on the platform Crowdfunder showed that with match-funding, projects are more likely to succeed and reach their target amounts, compared to crowdfunding projects (Baeck, Bone & Mitchell, 2017). This success roots in the additional funds that are matched to projects. These funds can be both public and private funds that together create a larger “match-funding pool”. Jeltje Hillen explains how these extra funds result in more successful projects for Cinecrowd:

“It's very interesting for a filmmaker if the AFK supports their crowdfunding with, for example from 1.000 up to 5.000 euro, then it is really a boost for your crowdfunding. And it's interesting for us, because if a filmmaker receives money from a fund, then it is more probable that they will reach their target.” (Jeltje Hillen)

This argument is in accordance with the literature on matched crowdfunding which shows that the success rate of projects with match-funds is 90 per cent (Baeck, Bone & Mitchell, 2017). This is explained by the significant percentage of the campaign that is covered by the funding institutions. As Ella Kuijpers argues:

“If you get a match-funding, it makes a Crowdfunding much easier because normally it's around 20 to 30 per cent of your target amount and it's quite a lot.” (Ella Kuijpers)

In Greece, the institutional funding according to the respondents is very important as well, as it attracts funds both from individuals and other organizations as well. It is important to mention again the central role of the National Bank of Greece, as a big part of private sponsors are either clients or in collaboration with the bank. However, it is the partners of Act4Greece who cover the bigger percentage of the target amount, contributing this way to a great extent to the success of the projects, as Michael Psalidas argues:

“A part of the earnings was coming from the crowd. I estimate that this must have been up to 20 per cent. 30 per cent was coming from companies and institutional donors that were clients or in collaboration with the NBG. And of course the rest 50 per cent was coming from the anchored donators (funding institutions), which were the strategic partners (i.e the foundations) and the NGB.” (Michael Psalidas)



Moreover, the success rates can also indicate the high quality of the platforms. According to the signaling theory, as mentioned in literature, signals of quality and trust in the market can help actors from the demand-side to assess the quality of the product or service from the supply-side of the market (Mavlanova, Benbunan-Fich & Koufaris, 2017). Consequently, the success rate of a crowdfunding platform can be an indicator of trust and credibility that can also resolve the information asymmetry and result in itself as a guarantee for the platform. According to respondents, also the match-funds from partners to a project can signal the success of the project. Paraskevi Boufounou comments:

“When a classified investor such as Onassis Foundation support the Karolos Koun theatre, this is very important. Because when a foundation that has a mission of supporting cultural projects, gives funds to a crowdfunding project, people feel that indeed this projects will be completed successfully.” (Paraskevi Boufounou)

The same applies also in the Netherlands, with the involvement of foundations signaling the success of the projects, as Laura Van Oord argues:

“What we see is that if we contribute to a project on crowdfunding, it's more likely to raise the amount that they want. It will be more successful, so our contribution maybe works as an accelerator. So that's really, the main reason for people to contribute.” (Laura Van Oord, AFK).

Moreover, according to literature on crowdfunding, backers are willing to donate money in terms of a philanthropic behavior, supporting a cause that can make an impact (Gerber & Hui, 2013; Rodriguez-Ricardo, Sicilia, López, 2018). As a result, people want to support projects that have a great potential of success, and as mentioned above, the match-funding with funding institutions can create trust on the quality of the project and also indicate this imminent success. Kristel Casander supports this theory arguing:

“I think when it comes for a crowdfunding campaign, you (the crowd) can see that it's going to be a success, you want to give more, a little bit more, because you can help them to reach faster the target amount. So, I think it's the trust from the name of AFK, but also the trust that the campaign is going to be successful because of the match-funding.” (Kristel Casander)

### **C. Crowd engagement and raising awareness**

Brown, Boon & Pitt (2016), argue in the aforementioned literature that crowdfunding platforms can work as marketing tools for the projects. Jobber & Ellis-Chadwick (2016) added that marketing values such as “Branding” and “Expansion of Awareness” can be applied to crowdfunding projects, through the platforms, taking advantage the mechanism of crowdfunding. Taking into consideration the answers of respondents in Greece and the Netherlands, it seems that in matched crowdfunding, the partnered foundations can also be used as marketing tools, raising awareness over the projects and the crowdfunding platforms as well.

More specifically, in Greece the fact that Act4Greece was doing its first steps, and the crowd was not familiar with crowdfunding and especially matched crowdfunding mechanisms, the strategic committee decided that the contribution of the foundations should also lie on the engagement of the crowd to the platform and its projects. Paraskevi Boufounou illuminates this decision:

“The partners were not obligated to support the projects. They could support one or none. At the beginning, in order to raise awareness over the platform, we thought that it would be useful for the foundations to help. And this is how it happened. Not for every project, but for some.” (Paraskevi Boufounou)

Moreover, the partnered foundations as well as the National Bank of Greece were used as marketing channels that could advertise, teach and raise awareness over the projects, as discussed above. Consequently, as derived from the interviews, in matched crowdfunding, not only the platform is used as a marketing tool that engages the crowd but it’s also the partners. Moreover, the partners through their channels, can potentially attract their audience, partners, collaborators etc, engaging this way, a new crowd with the platform, which would not be familiar with it otherwise.

This theory is also in accordance with the findings of the pilot on Crowdfunder, in the United Kingdom. The results of the pilot show that matched crowdfunding can help leverage additional funds for projects in the cultural sector, engaging people that would not support otherwise these projects or did not know of the platforms. In particular, Arts Council England and Heritage Lottery Fund provided the amount of GBP 251,500 for the match funding, which helped leverage the amount of GBP 405,941 from the

crowd, including backers that would not know the projects or the platform otherwise (Baeck, Bone & Mitchell, 2017).

Moreover, respondents in the Netherlands suggest that the support from foundations not only attracts and engages more backers, but it also brings more fundraisers to platforms. Ella Kuijpers says:

“So, it is always great for the artists and the entrepreneurs. And it’s also great for the platform to show that you have partners and you work for example with the AFK because it also attracts people to do a crowdfunding.” (Ella Kuijpers)

The above findings apply also in Greece, where the National Bank of Greece and the partnered institutions attract their audience by promoting the platform and the projects they support. As Paraskevi Boufounou says:

“Every institution has a unique way of contributing in order to promote (the platform) to their audience. In addition, the bank through its CSR campaigns was promoting the platform to its clients and many clients wanted to support it. Thus, a reason that this synergy (the partnership with the foundations) was meaningful was both for the better selection of the projects and for the awareness of the products.” (Paraskevi Boufounou).

#### **D. Partnerships for the financial sustainability of the crowdfunding platforms**

As Baeck, Bone and Mitchell (2017) argue, crowdfunding platforms form partnerships with one or more public or private entities in order to create a sustainable environment and achieve the success of their projects. However, the interviews of this research showed that partnerships can also help the platforms on an operational level or to simply secure their existence.

Act4Greece, as mentioned above, is an initiative of the National Bank of Greece in terms of its CSR program, and as the interviewees explained, the bank plays a fundamental role, in regards to the administrative and operational part of the platform, the management of the money, the legal agreements with the fundraisers, as well as the rest of the partnerships with the foundations are concerned. As a result, in Greece the system that Act4Greece is built could be called as concentrated around the National

Bank of Greece, which is also the major partner of the platform. Louka Katseli, the former Chair <sup>15</sup>of the NBG comments on that:

“The Bank was also a strategic partner and played a fundamental role. It was the bank’s initiative and all the other foundations agreed to participate because of the NGB.” (Louka Katseli)

Moreover, Act4Greece does not impose fees to partners or project creators, as the platform is financed completely by the NBG. According to the respondents, this indicates the independence of the platform from any public or private entity for its function, Paraskevi Boufounou<sup>16</sup>, scientific advisor and team member of Act4Greece argues:

“The bank covers all the operational costs of the platform, operates the platform as a part of its CSR, as result takes no fee from the projects. And this is also an additional criterion why there is not an issue of impartiality.” (Paraskevi Boufounou)

In the Netherlands, the structure of the platforms is more diversified with no partners playing a central role. However, the partners play an important role for the sustainability of the platform in itself, as many of the partners provide yearly fees to the platforms. As a result, apart from the commission fees from the projects, platforms are financed on a structural and operational level from their partners. Jeltje Hillen, head of projects in the platform Cinecrowd describes how the platform is financed, explaining how important these fees are for the existence of the platform:

“Apart from the commission and success fees from the projects, we also get every year an overhead fee from most of the funds we’re working with. Every year, they (the funds) decide the amount of the match-funding. For example, when they contribute 50.000 for match-funding, 5.000 is for Cinecrowd. These contributions are very important for the existence of our platform.” (Jeltje Hillen)

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<sup>15</sup> Louka Katseli is a Greek economist and politician. Currently she holds the position of Professor Emeritus in the National and Kapodistrian University of Athens. For the period 2015-2016 she was the Chair of the National Bank of Greece and one of the initiators of the Act4Greece platform.

<sup>16</sup> Paraskevi Boufounou is Assistant Professor of Development Finance at the department of Economics of the National and Kapodistrian University of Athens. During the period 2015-2016 she was one of the initiators and members of the Act4Greece team and a scientific advisor.

## **E. The expertise of foundations on fundraising processes**

Respondents in Greece mentioned the importance of the input and expertise of the foundations for the crowdfunding and matching procedures of the platform. As mentioned during the interviews, the bank did not have experience about charities and donation procedures and was not aware of all the actual needs of society in a more practical way. As a result, as Act4Greece was being built, the bank needed the expertise of the partnered foundations in order to become more familiar with the current areas in society that needed support. Moreover, the bank needed the expertise of the foundations in order to guarantee for the reliability of the fundraisers. As Paraskevi Boufounou explains:

“The bank has the expertise to evaluate a business plan but does not have the expertise to know which are the current CSR themes that would have the greatest interest at a given time and who are the most reliable fundraising organizations, because it’s not a responsibility of a bank.”(Paraskevi Boufounou)

Moreover, the foundations in Greece acquired also the role of the mentor, as they had the opportunity to share their knowledge as funding bodies, with the newly founded Act4Greece, regarding evaluation, selection and funding procedures. As a result, in Greece, where Act4Greece had no precedent as a project format, and the leading of the initiative belonged to the banking sector, the foundations were used to a great extent as consultants and experts, as Efi Tsiotsiou from the Onassis Foundation explains:

“The National Bank initiated the vision of Act4Greece and addresses to the foundations, we were also among the first foundations they addressed to, exactly because we have an extensive experience on how to build procedures of evaluation of applications, because we have a very big funding program. As a result, they approached us for two reasons asking us to be strategic partners. The first one is because of the prestige, the history and the tradition that the foundation has in the support of such attempts. The second reason, was the expertise we have. Meaning that we were like mentors. [...] We helped in order to create a program that will be unimpeachable, fair and transparent in order to win the trust and the positive opinion of the crowd.” (Efi Tsiotsiou)

The expertise of AFK as the establishing foundation of Voordekunst, was also fundamental for the performance and the development of the crowdfunding platform.

As Ella Kuijpers argues, the experience that foundations have with procedures of project selection for funds, subsidies and grants are valuable insights for a new crowdfunding platform, and especially for the match-funding application process”

“They (Voordekunst) got the knowledge of AFK about building a platform and an organization and also [...] about what makes a project successful. Now I work at an organization that gives subsidies (Kunstloc Brabant), and then what I see is that a lot of things that you look when you decide on subsidizing or not, are things that come back in the crowdfunding campaign too.” (Ella Kuijpers).

## 4.4 Motivations for artists and cultural entrepreneurs to participate in matched crowdfunding

### **A. Matched crowdfunding as a tool to receive subsidies/grants**

As mentioned in the conceptual framework, in the Netherlands the economic crisis resulted in budget reduction of the public funds for Arts and culture, especially in the period 2015-2016 (Compendium of cultural policies and trends). Many governments in European countries, adopted for that reason policies that encouraged entrepreneurship and the use of alternative financing tools for the Cultural sector (Bonet & Donato, 2011). In the Netherlands, as mentioned before, the government established a division of the subsidies for the Cultural sector, distributing them to the 6 funding institutions (such as AFK and Kunstloc Brabant). (Compendium of Cultural Policies and Trends, 2019). According to the Netherlands country Report, the government seemed to consider crowdfunding, as tool that can be used in the financing and fundraising mix for the cultural sector (Hoolwerf, Kramat & Gouwenberg, 2015). Respondents in the Netherlands however, commented that the amount of the subsidies are very big and thus very important for the sustainability of the cultural sector. As a result, alternative financing tools cannot replace these funds nor the necessity of them. However, receiving a subsidy in the Netherlands can be a time-consuming and demanding process, with many criteria. Thus, as Ella Kuijpers argues,

applying for match-funding through a crowdfunding campaign, provides easier access to smaller subsidies for artists and cultural entrepreneurs:

“In the organization that I work now (Kunstloc Brabant), we have subsidies that reach up to 124.999 euros, but if you want to apply for it, it takes 13 weeks to get like a decision. So, it takes a lot of time and you have to come up with a business plan and a budget and well, it takes a lot of work to apply for it. But when you apply for a smaller subsidy, to match fund your crowdfunding it only takes two weeks and then you can start doing your crowd funding. So it's a shorter amount of time and there are also less criteria you have to meet, so it's easier to apply and get it” (Ella Kuijpers).

The criteria for the matched crowdfunding, as mentioned above are less strict, resulting for local governments and provinces having as priority the relevance of the projects to the institution's province or city situatio. Joosje Duindam adds that match-funding gives easier access to smaller amounts from the funding institutions to support more concrete crowdfunding projects, instead of the subsidies that are given to artists and cultural entrepreneurs mostly for the development of their projects, as the funding institutions are willing to support a project that is approved by the crowd:

“Of course the subsidy is interesting and it gives higher amounts but it's harder to get it and it's for the development of projects. For crowdfunding, it's quite low key. Like of course you still have to fit the criteria because you need to be an artist, you need to be relevant for Brabant and there's a few more basic criteria that you still need to meet. [...] but it's up to the crowd whether they think it's a good idea or not. So if the crowd says, “yes”, we really want this to happen and then we can support as well.”(Joosje Duindam)

Moreover, during the literature review, it was illuminated the fact that crowdfunding can be considered a democratizing tool, providing easier access to capital and lower entry levels to the market for amateurs or professionals at the early stage of their career (Josefy & Markus, 2016; Dalla Chiesa & Handke, 2020). In the case of the Netherlands, three of the respondents argue that match-funding can be also a democratizing tool for access to funds for young artists and cultural entrepreneurs. Ella Kuijpers comments on that:

“And sometimes, you have to have quite a career in order to be able to ask for a subsidy or to do an application. But if a funding institution is a match-funder, for example, with Voordekunst, they can more easily match artists or projects that

normally wouldn't be able to get a subsidy, but it's, it's a bit more flexible and it's easier." (Ella Kuijpers)

As a result, according to some respondents in the Netherlands, crowdfunding can become a tool for artists and cultural entrepreneurs in order to have access to public funds (subsidies), especially as a result of cuts of public support for the arts and culture. For example, in the case of the province of North Brabant, where the public funds for films are limited and other alternative financing sources as well, filmmakers use crowdfunding, as an alternative financing tool, that can assist them to have access to subsidies. Joosje Duindam adds on that:

"A lot of like filmmakers in Noord-Brabant use Voordekunst and Cinecrowd platforms in order to do crowdfunding, because there's not a lot of subsidy or funding possibilities for films. So, crowdfunding is a tool for them to get some subsidies" (Joosje Duindam)

In Greece, the mechanism of the distribution of subsidies in the Cultural sector is not relevant to the mechanism in the Netherlands. Moreover, as respondents in Greece argue, in the country there is an absence of sufficient public policy (including legal framework considerations) for the adoption of entrepreneurship and alternative financing or funding tools. More specifically, in the cultural sector, the economic crisis brought a further reduction of the already low public spending on the cultural sector (Daskalakis & Kakabura, 2019; Avdikos, Michailidou & Klimis, 2017). As a result, initiatives as Act4Greece, managed not only to create a legal framework but also to indicate the necessity of alternative tools for fundraising that can be seen as mediators and tools for artists to receive funds from foundations that will be accelerated by the crowd (backers) to realize their projects. Efi Tsiotsiou from Onassis Foundation, finds these types of initiatives as "helping hands" for the fulfillment of their mission. Efi Tsiotsiou commented on that:

"Look, any initiative that is happening to help the cultural sector, people and organizations from the cultural sector is useful. That is, I believe that nothing is extraneous. Anything that comes to add, to assist, either with expertise or funding tools, I believe is essential, because the government is not giving big amounts of subsidies to the Cultural Sector"



## **B. Projects receive extra money and approval by experts**

Respondents in Greece and in the Netherlands, believe that match-funding for artists and cultural entrepreneurs is an important additional source for support of their crowdfunding campaigns. These extra funds, as mentioned before, affect the success of the projects, as additional funds are added to the campaign, leaving less to be retrieved from the crowd. As Joosje Duindam highlights, fundraisers manage to reach easier their targets:

“Well, I think, um, by working with funds and governments or organizations like Kunstloc Brabant, it of course helps the crowdfunder (fundraiser) to reach their goal more easily [...] it helps when partners are involved as well, because that gives you the opportunity to easily get to your final amount and, to get some extra support.”(Joosje Duindam)

In the Netherlands as mentioned above, the mechanism of match-funding, that is, on what phase of the crowdfunding campaign, the institutional funding is added, varies for each institution. According to respondents in the Netherlands the mechanism is very important, because apart from combining more private and public sources, the match-funding from an institution in the beginning of the campaign can take the form of approval, by a well-regarded and credible organization, attracting more backers. This is also in accordance with the superstar effect as introduced in the literature (Rosen, 1981; Adler, 2006). In this case, funding institutions play the role of “superstars” which are respected by the crowd and are considered experts. Thus, when experts approve a project of an artist or a cultural entrepreneur, people may consider this project of good quality and thus, worthy of their money. Kristel Casander from Voordekunst, gives an example:

“But I think what's important of match-funding is that you can show your backers that an important fund like Mondriaan Funds or AFK says that your work is good. So it says something about what you make. So then they say, well, the crowdfunding campaign is good enough for a donation from AFK. And it helps the creator to show the backers that his or her work is of good quality because a fund like AFK says this is good.”(Kristel Casander)

As a result, the approval by a funding institution can result as a signal of quality, with the validation and guarantee of these institutions. As mentioned in the crowdfunding platform, “Crowdfunder”:

“Accessing extra funding through Crowdfunder is slightly different (and often easier) than the traditional grant giving process, and there is a huge range of benefits that crowdfunding provides to take your project to the next level, such as idea validation and awareness of your project.” (Crowdfunder site)

Furthermore, information retrieved from the interviews in the Netherlands, showed that the potential of extra funds from partners, can help the fundraisers to feel more secure that their campaigns will not fail. Rodriguez-Ricardo, Sicilia and López, (2018), argued that the fear of failure when publicly exposed, can be one of the deterrents for potential fundraisers to start a crowdfunding campaign. Joosje Duindam mentions how match-funding can provide security to fundraisers:

“Match funding is important to stimulate crowdfunding. Having this match-funding, can help people who think: “I don't want to do it, I think it is scary asking people for money, there's so much work that I need to do”. But match-funding helps them to see that if you do and you make it to collect the 70 per cent, then you get 30 per cent from Kunstloc Brabant. It makes the step a bit easier” (Joosje Duindam)

In Greece, the importance of the match-funding lies on the additional funds provided to the project, the engagement of more backers to the projects and to the establishment by the funding institutions that the fundraising institutions are credible. The foundations, as mentioned before, match additional funds to projects of their preference, attracting also this way more donations from backers. However, in Greece, the fundraising organizations or individuals, do not receive solely the support from the funding institutions during the campaign. Most importantly, fundraisers in Act4Greece, receive the approval from the strategic committee from the moment they are selected to start a campaign in the platform. As the platform is strictly curated, as mentioned before, the foundations that were partners of the strategic committee, have to guarantee for the credibility of the fundraisers, before the evaluation of the submitted project in itself. Louka Katseli mentions the mindset behind this:

“We believed that, at least for the start, it's good to have credible agents. Meaning that the project creators should be credible, this is also what the bank (NBG)

wanted as a first step. [...] And then you have foundations that have been doing that for years. So, we thought: "Let's involve them also, and that was one of the innovation of the program (Act4greece), and they can guarantee the credibility of the fundraisers."(Louka katseli)

### **C. Guidance and expansion of skills**

According to the respondents in both Countries (Greece and the Netherlands), the guidance that the crowdfunding platform offers to fundraisers is substantial for the success of the projects. Ella Kuijpers explains how important support in Voordekunst is for the success of the platforms:

"(In Voordekunst) they give advice about how you set up a campaign and how you prepare it. Well, and also what you have to do during the campaign. So that's a way of guaranteeing the success of the campaigns."(Ella Kuijpers)

The importance of the guidance and support was also retrieved from the findings of the pilot that was conducted in the UK. The results on the platform Crowdfunder showed that the guidance of the artists, organizations and cultural entrepreneurs in creating and managing their crowdfunding campaign, along with the assistance on applying for match-funding, helped them to implement successful campaigns, but more importantly improve their skills.

"Crowdfunding improves the skill levels of fundraisers. More than two in three fundraisers reported that running the crowdfunding campaign significantly improved their pitching and fundraising skills". (Baeck, Bone & Mitchell, 2017).

In the Netherlands, respondents from both platforms (Voordekunst and Cinecrowd) explained that apart from the guidance in regards to the crowdfunding campaign, the management team of both platforms was also in charge of the match-funding applications, which were composed along with the fundraisers. Jeltje Hillen explains how the procedure run for Cinecrowd:

"Most of the times, before a crowdfunding is started we tell the filmmaker, OK, we have this match funding, maybe it's interesting for you, maybe you can do the application. And then we prepare the application together with the filmmaker, and then we send the application to the funds. In most cases even before the crowdfunding starts."(Jeltje Hillen)

As far as the mechanism in Greece is concerned, Efi Tsiotsiou refers to the guidance and support that potential fundraisers were receiving by the management team of the platform, during the preparation of the application:

“There was a procedure before the submission of the projects which included a thorough involvement of the management team of the platform with the fundraisers’ projects, in the sense that they were constantly in personal contact with them, offering them guidance and assistance on their application.”(Efi Tsiotsiou)

However, the guidance the fundraisers were receiving was limited to the preparation of their crowdfunding campaigns, as the match-funding process did not require any action from the part of the fundraisers. On the contrary, it was solely a decision of the funding institutions in alignment with the rest of the strategic committee of Act4greece.

## 4.5 Motivations for the funding/partner institutions

### A. Crowd Engagement

During the interviews in the two countries (Greece and the Netherlands), respondents explained that the engagement of the crowd through the matched crowdfunding to the crowdfunding projects is also a positive outcome for the funding institutions, who manage to connect a wider audience to their practices, in supporting projects of the cultural sector. As a result, partners can create a connection with their audience, as Ella Kuijpers argues:

“And it's (crowdfunding) also a way to connect more with your audience. So they (the backers) are directly paying for arts and culture. So, I think that match-funding partners see that and they like that.”(Ella Kuijpers)

Moreover, through matched crowdfunding, partners have the opportunity to hark the preferences of the crowd and support them, giving this way priority to the public preference to consider a project as a nice project. This can be possible mostly when the “top up” and “bridging” models take place, where the funding institution follows the initiative of the crowd (Baeck, Bone & Micthell, 2017). This is also the case in Kunstloc Brabant, as Joosje Duindam argues:

“You (the fundraiser) have a project, that we are not so much judging on the artistic content, and there are also other criteria, like if it's relevant for Brabant and if it relates to art, but it's up to the crowd whether they think it's a good idea or not. So, if the crowd says, ‘yes, we really want this to happen’, then we may support it as well.”(Joosje Duindam)

Consequently, when backers show their interest on projects, a connection is created among the crowd and the funding institutions, as they both become parts of the same crowdfunding community. This connection creates a sense of belonging, as mentioned also in the literature, as backers feel that they have the ability to communicate with the funding institutions, showing their preferences and tastes, which constitute a motivation of crowdfunding participation for backers. (Gerber & Hui, 2013). More specifically, in the Netherlands, where funds support local projects, (AFK supports projects in the city of Amsterdam and Kuntsloc Brabant supports projects in the province of North Brabant) the connection with the audience seems to be even more crucial, as it can be a suggestion on what people who live, work or visit these areas would like to happen there. Laura Van Oord illuminates the importance of the connection with the backers for the AFK:

“Also for us it's nice to see that apparently there is an audience for this. Normally we have to guess that beforehand and now you already see that there are people that are enthusiastic about projects. So for us it's also a nice way to contribute to the projects where the people of Amsterdam also want to go to.”(Laura Van Oord)

As a result, the matched crowdfunding model is a more democratic mechanism that can be adopted by foundations, as they evolve the crowd in the decision making of which projects are worth their funding (De Voldere, 2017).

In Greece, as stated earlier, the platform is an initiative of the National Bank of Greece, which was created in terms of the Corporate Social Responsibility of the NBG Banking group, in order to support the national economy and become an innovative tool that will boost entrepreneurship and innovative business ideas in the country (Katseli & Boufounou, 2020). As stated at the Annual CSR report 2016 of NBG:

“The act4Greece Program is more than just a crowdfunding platform that raises resources for the implementation of individual projects: it also operates as a value multiplier, broadening the participation of people everywhere, while the work which it

produces has specific and measurable results. At the same time, act4Greece has succeeded in broadening the social groups that take part in and benefit from the Program's actions.” (Corporate Social Responsibility report, 2016, p.221)

As a result, Act4Greece platform is a crowdfunding eco-system that attempts to build stronger connections among the involved actors. From that point of view, partnered foundations seem to play an important role in this equation, engaging the crowd to the platform, as Paraskevi Boufounou suggests:

“It is very important to have partners that they are interconnected with the crowd you address through the crowdfunding platform. And our partnered foundations have this.”(Paraskevi Boufounou)

Furthermore, the partnered institution in Greece seem to play an important role, as apart from engaging the crowd to their practices, they have the opportunity to convey the importance of alternative financing for the Cultural sector, with relatively novel tools, such as matched crowdfunding. Efi Tsiotsiou, from Onassis Foundation, argues that with Act4Greece and the matched crowdfunding, the foundations managed to pave the way for a new perspective towards synergies and fundraising in the country:

“Through synergies and initiatives like this (Act4Greece), I believe that everyone that is involved gains something. [...] Everyone took something, but the most important we did is to engage with our audience and help them think collectively and how a very small amount one can give, can become power in the end, with the power of the many. This is something that does not exist in Greek culture. So, so I believe that we managed to open the road to a new culture.”(Efi Tsiotsiou)

### **C. Fund acceleration**

According to respondents in both countries (Greece and the Netherlands), matched crowdfunding is an effective tool, that cannot replace the budget cuts from private and public funding. However, for many respondents matched crowdfunding is more effective than crowdfunding, as it manages through all the aforementioned factors and mechanisms to accelerate the private and public funding for the cultural sector. Kristel Casander comments on that:

“Well, I think the pros of match funding is that it’s a chance to use the subsidy money to make more money and to stimulate to give more private money in the sector.” (Kristel Casander)

In particular, in the Netherlands, Laura Van Oord explains that for the funding institutions, matched crowdfunding is a tool that accelerates the funds that were donated to the platform. Consequently, matched crowdfunding it might not be an alternative for cuts on public spending, but can possibly be an accelerator of subsidies in the Netherlands:

“But I would say that it’s (matched crowdfunding) not so much of an alternative of subsidies, it’s more like an extra. But what is really nice when you look at the projects, is that in 2019 for example, we contributed to 46 projects for Voordekunst with the amount of 50k euro. They raised an amount of 380k in donations, which is more than seven times what we could have put into. So, yeah, it’s a really nice accelerator as well”. (Laura Van Oord)

Also in Greece, interview participants argued that a problem in the fundraising of the cultural sector is that charity bodies donate money but there are not many collective efforts, in the form of synergies. As Michael Psalidas says:

“For sure, there are foundations that support with their money towards that direction (supporting the cultural sector). However, a problem in Greece is that not many synergies are created.”(Michael Psalidas).

Thus, synergies like matched crowdfunding can assist the funding organizations to fund more projects than they would normally manage to fund during their charity programs alone, as Paraskevi Boufounou comments argues:

“In Greece many private foundations are donating money to charities or give grants in order to support organizations or individuals. However, it seems that not many synergies are created. In this type of synergies, like match funding, the result can be the dispersion of the funds to more projects, as with the same money they can fund more projects” (Paraskevi Boufounou).

Likewise, Crowdfunder platform in UK, embraces the proliferation of funds that is achieved during the matched crowdfunding, stating that:

“(With Matched Crowdfunding) you can make your money go much further. Any project that you support will have already been supported by ‘the Crowd’. Your

backing may also unlock other public and private funding to increase the amount of money to make great ideas happen.”(Crowdfunder website)

## 4.6 Motivations for the cultural sector as a whole

The aforementioned conceptual framework of this study illuminated the effects that the economic crisis of 2008 had for the cultural sector in Europe. The European countries suffered extensively by the cuts on public spending for culture, as the sector seems to be dependent to a great extent on the subsidy system (Bonet & Donato, 2011). The cultural sector, in order to tackle the limited government funding turned to fundraising solutions from individuals, foundations, donors or sponsors (Chong, 2009; Byrnes, 2015). From that demand of private funding, alternative funding models and innovative collective schemes, like crowdfunding emerged for the cultural sector (Van den Hoogen, 2020; Dalla Chiesa & Handke, 2020, Bagwell, Corry & Rotheroe, 2015). Moreover, crowdfunding is an alternative financing tool that takes advantage of the technological and digital developments, creating a new market and eco-system in terms of the so-called platform society (Sorvik & Kleinbrink, 2014; Dalla Chiesa & Handke, 2020). Through this novel, online ecosystem a pool of potential donors is created that can potentially collectively fund a crowdfunding campaign (Spanos, 2018). As a result, the cultural sector acquires more funding options that are not completely depending on a specific actor (subsidies, fundraising, donations etc).

With the prominence of crowdfunding as an alternative fundraising tool, as mentioned in literature, different operations of the model have been adopted, as matched crowdfunding, where institutional funding (private and public funds) are combined with individual money to support the same project (Senabre & Morell, 2018; Baeck, Bone & Mitchell, 2017). As Byrnes (2015) argues, during periods of economic recession people are less willing to donate money, as a result the combination of private sources from individuals and foundations as well as public funds, can result to a more effective way to support the cultural sector. Moreover, some countries include alternative financing tools such as crowdfunding in their public policy for the funding of the cultural sector in their countries, in order to fill the gap of the limited public



funding (Bakhski & Thorby, 2009; Compendium of Cultural Policies and Trends, 2019; Baeck, Bone & Mitchell, 2017). Consequently, match-funding seems to be adopted by governments in order to complement and proliferate the public funding, with additional sources from private sponsors and individual donations from the crowd (backers) (De Voldere, 2017). However, as respondents from the Netherlands commented, tools as matched crowdfunding cannot be considered as substitutes of subsidies, where amounts given to fund projects are remarkably larger and they also cover the whole creation procedure (development, structural basis etc.). However, they can be considered as tools, which help to support more concrete projects on the cultural sector (Baeck, Bone & Mitchell). Moreover, match-funding can create a balance between the dependency of the cultural sector on subsidies or on fundraising from foundations and individual donors, as it collects money from multiple source (subsidies, private institutions, backers) to fund one crowdfunding project with, higher success rates (Baeck, Bone & Mitchell).

As mentioned earlier and during the literature review, crowdfunding works according to the two-sided market (Foa, 2019), as apart from the fundraising services it provides, it can work as a communication and marketing tool. These marketing tools range from product evaluation and testing of the market to crowd engagement and raising of awareness over the crowdfunding campaigns (Mollick, 2014; Brown, Boon & Pitt, 2016). Thus, following the literature and the findings of this research, match-funding can engage a broader audience (backers) to the projects and consequently to the crowdfunding schemes. These backers according to the matched crowdfunding pilot in the UK, belong mostly to the network of the funding institutions, and they either wouldn't know about the project, or they wouldn't support it, if it hadn't been for the institution (Baeck, Bone & Mitchell). This can be followed by two interpretations. The first, is that matched crowdfunding can raise awareness over artistic and cultural projects in general, and more specifically can engage more people into supporting the arts and culture. As a result, as crowdfunding becomes more credible and reliable through match-funding it can potentially attract more people to support the arts and culture. Finally, as mentioned in literature, through crowdfunding, fundraisers can test their "products" and the market (Mollick, 2014). With the matched crowdfunding

mechanism, the funding institutions can involve the crowd to the decision making regarding the projects that will receive public or private funding. Hence, the crowd can show its preference and the crowdfunding community becomes more engaged in the production of the cultural content (De Voldere, 2017).

# Chapter 5: Managerial implications for the crowdfunding platforms

As mentioned earlier, this research attempts to explore the motivations for the promotion of matched crowdfunding in the cultural sector. In order to create an in-depth understanding of these motivations the perspectives of different involved actors have been discussed. However, the crowdfunding platforms remain in the center of interest of this study, as the main actors. This intends to contribute to the research regarding matched crowdfunding as an alternative fundraising tool but also to become a useful research for professionals already working with matched crowdfunding schemes or entrepreneurs that are considering of starting a new crowdfunding platform in a European country. Thus, this section includes several managerial implications for the crowdfunding platforms, as derived from this research.

## **Partnerships with more funding institutions can provide long-run sustainability for the matched crowdfunding schemes.**

The partnerships for a crowdfunding platform seem to have various benefits. However, this research showed that a high number of partnerships can help significantly with the sustainability of the platform in the long run. This is connected with the financial sustainability that can be provided through the partnerships, but also with a broader network of backers and funding institutions that is created, and can encourage further collaborations.

## **Not depending only on one funding institution seems to be more positive in terms of diversity on projects.**

The dependence of a crowdfunding platform only on one funding institution can result on a more concentrated and thus restricted match-funding system. One reason is that there is a smaller “match-funding pool”, as a result less projects can receive additional funding. Moreover, since funding institutions have different criteria, the smaller is the

number of funding institutions, the less are the diversified projects that can receive match-funding and have a higher potential of reaching its target.

**Having an external funding institution also helps to build credibility and trust for all parties**

The credibility and trust that funding institutions can give to the crowdfunding platforms as partners, is of significant importance. Especially for platforms that are situated in countries with a low level of awareness regarding crowdfunding schemes or for platforms at their infancy, partnerships with well-regarded public or private funding institutions can help them to build trust and reliability for backers, fundraisers and other potential partners.

**Raising Awareness over matched crowdfunding to fundraisers, the crowd and potential partners can be beneficial for the crowdfunding schemes in general.**

As matched crowdfunding is making its early steps as an alternative fundraising tool for the cultural sector, many actors of interest might not be willing to participate because they are not aware of how it works or its benefits. This can be applied for fundraisers who are hesitant to create a campaign or they are simply not aware of its existence. It can also mean that the crowd is not aware of the existence of such a mechanism on a crowdfunding platform. Lastly, as far as the potential funding institutions are concerned, they might not be aware of the possibilities and the potential that match-funding entails for all involved actors. As a result, the platform should raise awareness regarding the match-funding opportunities, using the platform itself to share information, marketing tools and the partnerships that already has in order to promote the match-funding tool, which can have the beneficial results as mentioned above.

# Chapter 6: Conclusion

## 6.2 General conclusion

The primary aim of this study is to explore the potential of matched crowdfunding as an effective alternative fundraising tool for the support of the cultural sector, especially in the light of the severe budget cuts as a consequence of the economic crisis that set off in Europe in 2008. Moreover, this research intends to indicate the empirical and literature gap that exists in crowdfunding, in regards to the motivations for adopting crowdfunding or developments of the model such as matched crowdfunding, from the supply-side perspective of the market. Current literature and recent studies, suggest that matched crowdfunding is either the product of the need of platforms to achieve higher success rates or a product of policy recommendations by countries who try to test the effective match-funding of the cultural sector by bringing together public and private funds through crowdfunding (De Voldere, 2017). However, this research attempted to acquire an in-depth understanding of the motivations of almost all the involved actors of matched crowdfunding schemes.

Regarding the first research question, “What are the motivations for crowdfunding platforms to adopt the matched crowdfunding model?”, the respondents of this research in both countries agreed that partnerships with well-regarded funding institutions give credibility to the platform and makes it trustworthy. This seems to fill the gap of the information asymmetry that exists in crowdfunding platforms, as the funding institutions become the “superstars” that can guarantee the credibility of a platform with a partnership or the quality of a campaign by matching funds. Moreover, this research showed that in countries where crowdfunding is in its infancy, and people are not aware of the crowdfunding mechanisms and procedures the information asymmetry is a strong barrier for the crowd. Thus, the involvement of well-regarded institutions as initiators of the platforms or as partners are of significant importance for the crowdfunding platforms. Furthermore, the respondents of this research in both countries agreed with the argument that match-funding projects have a higher potential of success. This success though seems to root in the credibility of the

funding institutions along with the signal of quality of the project and the higher probability to succeed, which have the effect of engaging more people to back these projects. Last but not least, in countries where the trust on online donation systems is lower, the involvement of partners seems to be more important in terms of the credibility and awareness they can give to the crowdfunding schemes, engaging a broader audience, rather than the amounts that will be donated to the crowdfunding projects.

As for the second research question, “What are the motivations for Artists and Cultural Entrepreneurs as fundraisers to participate in matched crowdfunding schemes?”, the participants in the Netherlands considered as a strong motivation the access to public funding that matched crowdfunding gives to artists and cultural entrepreneurs. This is connected with the fact that the subsidy system in the Netherlands is connected with the funding institutions that distribute the subsidies to individuals and organizations. However, these subsidies are hardly accessible to individuals during their early career steps. As a result, the match-funding mechanism offers them more opportunities, supporting the argument that crowdfunding is a democratizing tool offering easier access to people on the market (Josefy & Markus, 2016; Dalla Chiesa & Handke, 2020). Moreover, as mentioned mostly by respondents in Greece, through the matched crowdfunding model, the projects of artists and cultural entrepreneurs receive the recognition of well-regarded funding institutions, signaling the quality of their projects not only to backers but also to the market in general. Last but not least, the interviews in both countries showed that the potential of extra funds to be matched with the funds from the crowd can work as drivers for fundraisers to start a crowdfunding campaign, as they feel more secure and confident that they will manage more easily to reach their target amounts.

As far as the third research question is concerned, “What are the motivations for funding institutions to participate in matched crowdfunding schemes?”, this study showed that the presence of policy recommendations or the engagement of public funding in the matched crowdfunding schemes can determine the motivations for the partnered funding institutions. Consequently, in Greece where crowdfunding was not included in the cultural policy strategic plan, a banking entity was the leading initiator, which followed a sequence of steps (from the creation of crowdfunding regulation to the matched crowdfunding model), in order to build the foundations of crowdfunding as an alternative tool of financing, in the light of reduced financing options in the country from fundraising, bank lending and governmental funds. In regards to the partnered match-funding foundations, respondents argued that that the National Bank of Greece initiated these synergies in order to take advantage of their prestige and credibility, their networks and their expertise on fund-giving procedures. On the contrary, in the Netherlands, the motivation of the public funding institutions is rooted mostly in the engagement of the crowd in the decision making for the distribution of public funds. Especially for local or provincial foundations this is crucial, as they can receive the feedback of the crowd, depending on the crowdfunding projects they

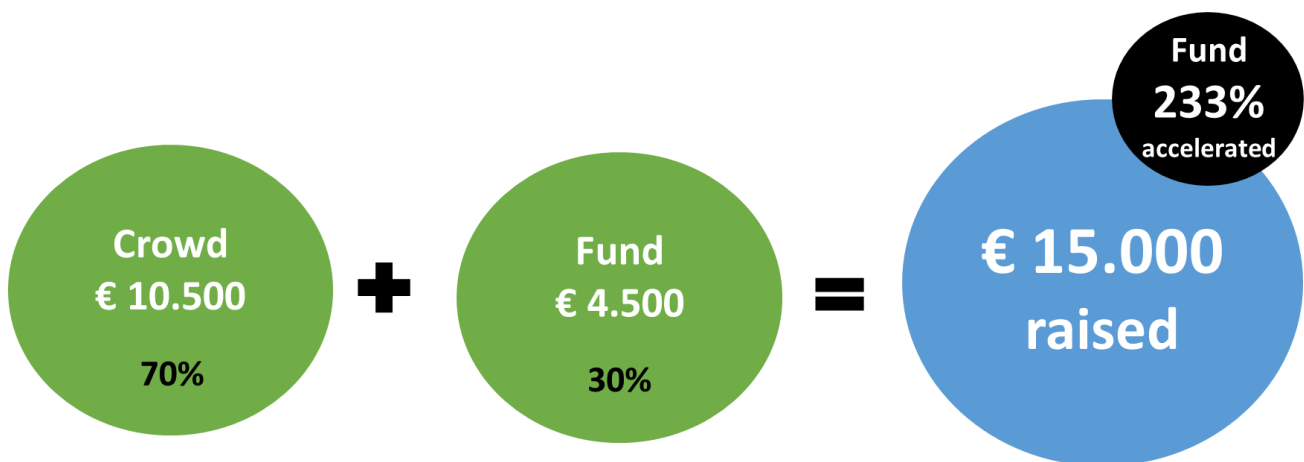


Figure 2. The acceleration of funds through matched crowdfunding

decide to support. However, respondents from both countries argued that the acceleration of institutional funds during matched crowdfunding (Figure 2.) is a result of significant importance for the support of the cultural sector.

Regarding the fourth research question, “What are the benefits and constraints of matched crowdfunding for the cultural sector”, this research showed that matched crowdfunding can be a tool to tackle the lack of sufficient funds for the cultural sector as a consequence of the economic crisis. Moreover, matched crowdfunding takes advantage of the assets of crowdfunding as a two-sided market (Foa, 2019) in order to provide fundraising options but at the same time attract more people to the support of the cultural sector. As a result, through match-funding, crowdfunding becomes a more trustworthy and more widely accepted alternative tool for financing cultural projects. However, as respondents argued this tool cannot be considered as an alternative of public funds but rather an additional tool that can result in the proliferation of funds, as mentioned also above. As a result, match-funding can be a useful model that could be taken into consideration by governmental cultural policy in order to support more effectively the cultural sector.

All in all, this study highlighted the motivations of the majority of the involved actors in matched crowdfunding schemes in Greece and the Netherlands, following the aforementioned research questions, in order to create a spherical perspective of their incentives. All the above motivations when combined together can shed light to the main research question of this study, “What are the motivations for promoting matched crowdfunding as an alternative fundraising tool for the cultural sector in two national contexts?” As a general remark to these conclusions, matched crowdfunding can indeed succeed higher success rates for cultural crowdfunding campaigns by bringing together different sources of funds. Moreover, it can raise more awareness regarding crowdfunding schemes and projects and it can engage more (new) people to the support of the cultural sector. Most importantly though, this research shows that these and many of the aforementioned benefits are a result of the credibility, trust and signaling of quality and success that partnerships can bring to crowdfunding platforms and projects. As a result, the whole crowdfunding system has the potential to become more reliable and engage more people as backers, fundraisers and funding institutions.



## 6.2 Limitations and further research

During the conduction of this study the researcher encountered several limitation. First and foremost, although the rise and prominence of crowdfunding as an alternative fundraising tool in the cultural sector is a fact, there is limited literature available, especially on the motivations that drive actors from the supply side of the market to promote such schemes. Furthermore, matched crowdfunding is a relatively novel model that has started recently to be adopted by crowdfunding platforms or even promoted by government's cultural policy. As a result, there was a significant lack of available literature or empirical data on matched crowdfunding schemes. Thus, the researcher took the decision of conducting an exploratory research with the hopes to shed light to the motivations of involved actors using qualitative interviews in two national contexts.

In this research, the purposive sampling was covered by actors involved in matched crowdfunding schemes only in Greece and in the Netherlands, along with some limited complementary data from the UK. Taking this into consideration, the findings of this study cannot be generalized to all actors involved in matched crowdfunding schemes in those countries, let alone the matched crowdfunding actors in Europe. However, the intention of this research was to select two countries with different political (policy, regulatory context), economic (available funds for the cultural sector, private vs. public funds) and entrepreneurial background, in order to explore to what extent these differences result also in different motivations. Another limitation is the imbalance of the number of samples in Greece and in the Netherlands, although the empirical gap from Greece derives from the fact that there is only one crowdfunding platform in the country. Moreover, the researcher did not manage to contact any of the current management team of the crowdfunding platform in Greece, in order to investigate further the reasons behind its reduced current activity.

One might argue that in order to conduct a research with a solid image of a fundraising tool that includes in its core the crowd participation, then the motivation for crowd participation in matched crowdfunding should also be included, in the form of interviews or questionnaires. However, as mentioned above this study intended to

explore the value and potential of matched crowdfunding from the supply side perception.

This research was conducted with the hopes of highlighting the potential of alternative fundraising tools that can support effectively the cultural sector. These collective match-making tools that combine different sources of private and public support can be proved to be an efficient way of cultural support, which should be taken also into consideration in cultural policy by more governments in Europe. For this reason, the attention of scholars on the matter, in order to explore further the benefits of matched crowdfunding on a local, national or continent level would be very beneficial. Especially, in the light of the economic crisis and its effects until today, and the reduced funds for the cultural sector, these alternative financing tools seem to be more necessary than ever. As a result, the further academic research in order to fill the aforementioned literature and empirical gap, will be extremely beneficial in order to shed light to the benefits of matched crowdfunding or the opportunities and developments that this tool can achieve in the future.

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# APPENDIX A

## **Semi-structured (skype) interviews – topic guide**

Date:

Name of interviewee:

Organization:

Duration of interview:

Introduction: introduce myself, remind the topic of my research (they were already informed via mail) and provide the respondent with some basic information on the research, explain the process of the interview and remind that the interviewee is expected and requested to deliver freely her/his impressions and perspectives.

Warm-up questions: information on the crowdfunding platform or funding institution and brief background for the cultural sector in the country

1. Could you please tell me what type of entity is (the organization) and what are its financial resources?
2. Is there any support from the government, private or public funds?
3. How do you assess the situation now in the Netherlands when it comes to financial resources for the art and culture?
4. Would you say that crowdfunding platforms work effectively as a substitute of budget cuts in culture in the Netherlands?
5. Are there any other alternative funding sources adopted by artists and cultural Entrepreneurs?

Matched crowdfunding mechanisms

6. When did the match funding appear for (the organization)? Could you tell me a few words about the initiative and how you selected the Funds (the organizations?)

7. (if it's a crowdfunding platform) Could you tell me how many projects are applied and accepted annually at (the platform)?
8. (if it's a platform) What are the criteria for selecting projects in the platform?
9. Are the same criteria applied to the partners during the match funding?
10. Could you tell me how the connections with platforms and the funds happen?

### (Matched) crowdfunding fund and fundraisers

12. Would you say that crowdfunding platforms affect positively the careers of the people that had successful projects in the platforms? In which ways?
13. Do mostly young artists and entrepreneurs apply to the platform or also established ones? Who are mostly supported from Funds?
14. Would you say that the success of a matched crowdfunding project which achieved its target is an indication of a good performance of the project later in the market?
15. What would you say are the criteria of a successful project?

### (Matched) crowdfunding and credibility

17. How would you say platforms build their trust with their crowd?
18. Do you believe that the partnership with other funds made the platform more credible?

### General perspective, cooling down questions

19. Does the existence of the Funds makes platforms more attractive to project creators?
20. Which would you say are the pros and cons of Match funding?

21. What do you believe will be the future of crowdfunding and funding in general for the culture in the Netherlands?

Summation: summarize all the important info that have been said and/or asking for clarifications

# APPENDIX B

## Thematic Network Analysis

**RQ1: What are the mechanisms through which match funding occurs in both countries?"**

Global Theme: The mechanisms of matched crowdfunding

Organizing Theme: Match-funding encouraged by the presence or absence of public policy b) Curatorship level of the platform depends on the match-funding mechanisms of the funding institution c) The role of the "Top Up" and "Bridging" match-funding model

**RQ2: How matched crowdfunding contributes to crowdfunding platforms?**

Global Theme: Motivations for crowdfunding platforms to adopt match-funding

Organizing Theme: a) Matched crowdfunding builds credibility and trust for the platform b) Higher success rates for projects c) Crowd engagement and raising awareness d) Partnerships for the financial sustainability of the crowdfunding platforms e) The expertise of foundations on fundraising processes

**RQ3: How matched crowdfunding affects the Artists and Cultural Entrepreneurs?**

Global Theme: Motivations for artists and cultural entrepreneurs to participate in matched crowdfunding schemes

Organizing Theme: a) Matched crowdfunding as a tool to receive subsidies b) Projects receive extra money and approval by experts c) Guidance and expansion of skills

**RQ4: How matched crowdfunding affects the funding institutions?**

Global Theme: Motivations for funding institutions to become match-funding partners

Organizing Theme: a) Crowd Engagement b) Fund Acceleration