CROWDFUNDING DANMARK

HOW TO CREATE YOUR PROJECT



CROWDFUNDING
Danmark

INTRODUCTION



Are you thinking about crowdfunding? Then you have some decisions to make and some material to prepare. In this guide, you will be guided through what considerations you must make and what you must deliver to get a project launched. In another guide, you will learn how to market your project so that it reaches its goal.

In essence, we can divide the process of starting a crowdfunding project into two: Decisions and Content.

DECISIONS

Before you start working on your crowdfunding campaign, there are some things that you need to consider.

WHO WILL BE THE PROJECT OWNER?

It is possible for you to create a project as an individual or through an association or company. However, it is easier -and we certainly recommend it- that a company or association is registered as the owner of the project.

In order to launch a project, some formalities must be in order. This means that you and your company/association must be validated and that the bank account to which the project is to be paid must be approved by Crowdfunding Denmark. It is important that the bank account belongs to the person, company or association that is raising the money. You can read more about this on Crowdfunding Denmark under "Hvordan fungerer det?".

WHICH TYPE OF CROWDFUNDING?

At Crowdfunding Denmark you can choose between reward and donation projects - or a combination of the two. Which type you should choose depends a lot on who you are and what you need to raise money for.

Reward crowdfunding means that the persons that support your project get a reward in return. The reward must have approximately the same value as what the supporter pays. For example, if the reward normally costs DKK 200, you cannot take DKK 500 for it. If you are a company that sells products, tickets or services, this is probably the right type of crowdfunding for you, but it can also be a good idea if you come from an association. It's really mostly about being creative and thinking about what you can offer in terms of rewards.
In some cases, pricing your rewards can be difficult: What is the value of an autograph? How much does a sponsored link on your website cost? or backstage access to your concert? In these cases, it is a good idea to investigate what price your potential supporters think is fair.

Reward crowdfunding is regulated by the purchase law (Købeloven) which

means that your backers are entitled to receive their rewards or get their money back.

Donation crowdfunding means that backers give you money without expecting anything in return. Supporters can typically choose between the different donation amounts suggested in the project, but they can also choose to donate more. For example, a donation amount of DKK 50 DKK can be set which means that you have to support the project with a minimum of 50 DKK, but you can also choose to give a bit more, e.g. 65 DKK.

To do this type of crowdfunding, it is required that you are approved by the Fundraising authority (Indsamlingsnævnet) to receive donations, and it is your responsibility as the project owner to apply for this permission. It costs 1,200 DKK to apply (2022 rates), and it can be done here. The average processing time is 14 days.

Combination of de two means that a supporter can buy a reward and also has the option to give extra. With this type of project, you can e.g. sell a ticket at the normal price, and then those who want to support more can put a little extra on top. It's a really good solution for projects that have a good cause besides offering rewards because it makes people want to support more. A potential supporter might want to give your project 1,000 DKK but does not need more than one key ring and one t-shirt.

If you choose this option, you also need to have permission from the Fundraising authority (Indsamlingsnævnet) to collect donations and your backers are protected by the purchase law (Købeloven).



WHAT SHOULD BE MY GOAL?

It can be difficult to set a target for how much money needs to be raised. If you set the goal too low, it doesn't seem serious and maybe you won't get enough money to actually carry out the purpose of the project. On the other hand, if you set the goal too high, it seems unmanageable to those who want to support the



project: What good is my 100 DKK if the project needs to raise 500,000 DKK?

Therefore, you should think carefully about what the money will be used for and who in your network you can draw on.

Some municipalities will also require that both a minimum and a maximum target has to be set for the project. This means that the project needs at least e.g. 20,000 DKK to reach its goal but can collect a maximum of e.g. 50,000 DKK. If the project only gets 18,000 DKK by the deadline, the money will be paid back to your supporters. If the project reaches 50,000 DKK, the project closes - even if there is time left before the deadline.

HOW LONG SHOULD MY PROJECT LAST?

We recommend that the project runs for 30 to 90 days. Our experience shows that 45 to 60 days is optimal, as it gives you time to widely promote the project without getting completely tired of it.

CONTENT

The content of a crowdfunding project can be divided into four parts: Text, pictures, video and rewards. All four parts help to sell your project.

TEXT

Your project text should have three parts:

Heading

The title appears on the project card and on social media when someone shares your project. It needs to be accompanied by your pitch and your project image to get people to click on the project, so a good headline is worth its weight in gold.

Keep your headline short (25-30 characters) and focused on your project. Avoid words like "Help us to", "Support", etc. - you have no place for that. Examples can be "New street festival for Tranbjerg", "Bring the flowers back to the city" and "Give food to the homeless".

"Pitch"/Short description

Here you describe in 1-2 sentences what your project is about. "Help us with/Support/Be part of" are good phrases to use in this part. "We would like to" is also a good way to start your pitch.

Body text

The body text helps the reader understand who you are, what you want to achieve with the project and why you should be supported. By reading your body text, the reader should desire to support you and the project, as well as have a sense of security: they understand what the money will be used for, trust that you can bring the project to life, and that the rewards they buy will be delivered as promised.



Make it easy for the reader to go through the text by breaking it up with descriptive headings.

If you make sure to answer these questions in your text, you are on the right path:

- What is your product/ your idea?
- What do you raise money for?
- How does your idea help your local community?
- What do I get as a supporter?
- Who are you/ your team?

IMAGES



mages are good tools to support the message of your project. There are two different types of images in a crowdfunding project: the profile picture and the images in the body text.

Profile picture

This image can be seen on the project card and on social media if your project is shared. It has to make people click on your project, so it is important that it is of good quality. Follow these tips:

- It is a good idea to have only one focus which is centered in the middle.
- Avoid using your logo as a profile picture unless you know it will be recognizable to many visitors. Insert it into your text instead.
- A color image is better than a black-and-white image.
- Make sure the image is in high resolution and preferably taken with a good camera.

Images in the body text

In the text itself, it is highly recommended that you insert images that support what is happening in the text. Are you talking about you and your team? Insert a picture of you/ your team. Do you have floor plans, prototype

designs or similar? Insert them where you talk about your idea. Here are some great ideas for images you can add:

- Your product.
- Your team/ you.
- Mood shots
- Before/after photos or prototype/design pictures.
- Rewards you offer.
- Your logo.



VIDEOS

LIt is not a requirement to have a video in your project but it could be a good idea. A video is another way to introduce yourself/your team and to describe your idea. Here are some good tricks to take into consideration:

- Videos should be uploaded on YouTube or Vimeo.
- Keep the length down to 1-2 minutes - so you can also use it on social media, where short videos work best.
- You don't need to recruit a film crew - just turn your phone horizontally and take a selfie video.
- Make sure the sound is good. If possible, use a microphone and avoid filming in crowded and noisy places.
- Briefly tell us about yourself and your project and how it helps the local community. The rest can be read in your text.
- End with a request: "We need you to", "Support for", etc.

REWARDS/DONATION TIERS

Regardless if you launch a reward project, a donation project, or a combination of the two, you need to create some "amounts" that your supporters can buy. If you offer physical rewards, remember to take the delivery into account.

Set 3-5 rewards/ donation tiers

In general, it is a good idea to set 3-5 rewards or donation tiers so there's something for all types of backers. It can, for example, be 50, 250 and 1,000 DKK.

In a donation or combination project, supporters can typically choose to give more, but our experience shows that many people just press the "buy" button. Therefore, it is a good idea to have several levels of rewards/donations to make it extra easy for your backers to give larger amounts.

If you offer rewards, it is a good idea to offer rewards at different prices that relate to the purpose of the project. For example, if you want to organize a street festival, it makes sense to sell tickets and beer coupons for the festival. If you run a voluntary association that needs money to market yourself, merchandise with the association's logo and slogan is a good idea.

It is also a good idea to create a "ladder" of rewards where there are built-in discounts, e.g. so one ticket costs DKK 250, while two tickets cost DKK 475 (save DKK 25). You can do the same with physical products so that you get a glass of jam for DKK 50, but five glasses for DKK 200. This attracts bargain-hunters and makes it easier for the project to reach its goal





Delivery

If you have physical rewards, they need to be delivered to your supporters. You can choose to use a shipping company, deliver them yourself, or arrange for your backers to come and collect their rewards themselves.

If you offer to ship your rewards, remember to factor that into the price. If a t-shirt normally costs DKK 200 without shipping, you must therefore set the price of a t-shirt incl. shipping to e.g. DKK 239

If your supporters have to come and collect their reward themselves, your backers will be limited to only those who live in the local area. However, it is a really good opportunity to get to meet those who supported you and get them even more involved in your project.

Remember to set a realistic expected delivery date. It is better to surprise positively by delivering earlier than promised than to be delayed.