A Comparative Study of Taiwan Crowdfunding Websites

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Abstract

Due to the rapid growth of crowdfunding platforms (CFPs) in the world, the awareness of crowdfunding in Taiwan has been increasing, too. Large websites like Kickstarter and IndieGoGo are now important way of funding around the globe. However, the crowdfunding industry in Taiwan is still very limited, either the corporate capital or the scale of revenue is relatively small. There is no legislation so far to standardize or maintain the crowdfunding market in Taiwan. Readers can understand more about crowdfunding through this study and help the growth of crowdfunding in Taiwan. This paper will introduce the crowdfunding industry in Taiwan, and use four current crowdfunding websites to compare crowdfunding platforms in Taiwan. In the end, the study will discuss the advantages and disadvantages of the platforms and provide some tips to choose platforms and suggestions to the crowdfunding in Taiwan.

Keywords: crowdfunding, crowdsourcing, crowdfunding platform (CFP), Taiwan crowdfunding websites

I. Introduction

Crowdfunding right now is not an unfamiliar for most entrepreneurs anymore; the fast growth of crowdfunding industry catches many experts attention. The rapid growth of numbers of crowdfunding platforms makes the importance of crowdfunding in funding domain more compelling. According to the estimation Crowdfunding.org made in April 2012 (Crowdfunding Industry Report, 2012), the number of crowdfunding will reach 530 in 2012, five times the cases of 2007. Beside the alarming number of crowdfunding platforms, the funding volume of crowdfunding will also reach $2806 million in 2012.

As the huge impact crowdfunding brings to the global economy, people put more emphasis on the operation of crowdfunding platform, but few studies explore the crowdfunding in Taiwan. Since most Taiwanese companies are small and medium enterprises, many Taiwanese people have strong spirit of entrepreneurship, and want to build their own businesses and contribute to the society. However, it is difficult for small and medium companies in Taiwan to raise fund since the concept of venture capital in Taiwan is not as thriving as western countries. Some companies even

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have to borrow money from loan sharks when they encounter cash flow problems.

As a matter of fact, crowdfunding could be a good way for many small companies to startup or expand their business; to raise enough or more fund from crowdfunding, the crowdfunding platform becomes important for companies. In this thesis, we will introduce the crowdfunding market in Taiwan, and examples of crowdfunding platforms, also some recommendation about choosing crowdfunding platforms. Hope with this study, there will be more people know about crowdfunding, and make the crowdfunding become a popular way of fund in Taiwan, and hence ease the obstacle for Taiwanese companies when it comes to fund-raising.

II  Crowdfunding

A. Introduction of Crowdfunding

Crowdfunding is an activity which a person or group create a pool for gathering money from funders and investors to achieve a certain objective. Normally crowdfunding is processed through Internet, by social network or certain crowdfunding portals. The objective of crowdfunding could be very diverse, such as charity support, social assisting, company startup, political campaigns, concert organizing, scientific research and development and so on. Some crowdfunding platforms encourage pool creators to give some feedback to funders, such as some small gifts, or the funders support the pool creators in exchange for products, share of stocks or small amount of equity. People not only exchange money and benefits through crowdfunding, but feelings, sympathy and encouragement.

B. History of Crowdfunding

The pioneer who was the first one to use the concept of crowdfunding to fund from crowd is the Subscription business model in 17th century, which was used in order to finance book prints. In 1884, due to the running out of funds for the Statues pedestal, the American Committee funded from the American public with the encouragement of Newspaper publisher Joseph Pulitzer, who urged the public to donate money for the pedestal in his newspaper New York World. This act in the end funds over USD$100,000 within 6 months, almost attracted 125,000 citizens for the contribution.

Another funding history was the fund for British Rock band Marillion, who rose over USD$ 60,000 in 1997 to operate a concert based on the fan support. They funded by means of fan-based campaign and use this way to record their following albums and concerts several times thereafter. Later on, there are also some other artists, filmmaker or musician who funded from their fans or supporters by the method of crowdfunding, not only national funding, but international and cross-cultural.

The first crowdfunding website which is documented was US company ArtistShare (2000/2001), and followed later by such websites as Pledgie (2006), Sellabrand (2006). IndieGoGo (2008), Kickstarter (2009) and Microventures (2010). The earliest citation of crowdfunding was by Michael Sullican in Fundavlog on August 12, 2006.

Due to the new trend of crowdfunding, which is equity-based method, American president Barack Obama signed the JOBS (Jumpstart Our Business Startups) Act in 2012, which effectively loosen the strict limitation for crowdfunding.
C. Industry Environment

Due to the change of funding system nowadays, there are more and more methods to fund, besides traditional loans and mortgages, new way of funding such as venture capitals, angels and so on (Lawton and Maron, 2010). Crowdfunding is now also a new way to fund. So far the most active crowdfunding market is in North America and Europe (Crowdfunding Industry Report, 2012)

Crowdfunding actually comes from the concept of crowdsourcing, although the way people trade with small amount of money through or without internet and generate online cash flow for certain objective can be counted as crowdfunding, the original concept is more like someone creates an open source project and invited people to donate, which make an individual project be a group participation funding activity. Therefore, with this concept, project creator can collect money, test market, try business model, increase reputation, and gain more social experience for their immature project.

Although the crowdfunding market is pretty active in North America and west Europe, crowdfunding in Taiwan is still a new term. There are still many people who don’t have a clue when it comes to crowdfunding. Besides, although the crowdfunding regulations are loosen in United States, thanks to the JOBS act, types of crowdfunding websites such as lending-based crowdfunding and equity-based crowdfunding is still not acceptable according to the law about crowdfunding in Taiwan (Lin, 2012). Actually, there is no formal regulation regard crowdfunding in Taiwan yet, which shows how immature the crowdfunding market in Taiwan is.

D. How Crowdfunding Works

There are mainly three partied involved in this activity. First, project creators, who are also called a pool creator or an issuer. These people use the crowdfunding platform to obtain financial support for their project and also test the market by the same time. They want to increase the exposure of their project and find real supporters and those who are really interested in their work by means of crowdfunding.

Second, the funders, the investors, who are the so-called “crowd”, these people are either touched, inspired, or interested in projects, and are willing to help and support certain projects through crowdfunding platforms. They take the risk and expect for the payoff.

Last, crowdfunding platforms, they operate and organize the platforms and help the funders and project creators to find their appropriate matches. They also have to set rules and follow the legislations to optimize the process of crowdfunding. They are also responsible for the security of the platform, the checking of the participants’ backgrounds, and the one to encourage and inspire the project creators.

Before post a project on a crowdfunding platform, a project creator has to do a lot of research of the crowdfunding portals since there are different types of platforms to funds. After choosing an appropriate platform, the project creator registers as a member on the platform to get the right to show their project. There will be different kinds of certification

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of project creator such as background check to make sure the credit of the project creator and see if the project has the value to fund.

Once the checkup is completed, project creator can start to post the project following the rules and tips offered by the platform. Some platforms will set the standard funding period, funding currency and the amount of each fund; others will give a wider range for project creators to make their own settings of their funding, which will also help the project creators to derive their own funding strategies.

1. **By the usage of funds**

   There are several ways to categorize types of crowdfunding (Ryan, 2012). According to Crowdfunding.org, crowdfunding platforms are categorized into four types by the usage of funds.

   1. **Equity-based crowdfunding**
      
      Funders in equity-based crowdfunding platforms are stakeholders, they will receive a stake in the company and receive dividend once the company earn profits. This type of crowdfunding platform is now still illegal in Taiwan due to the legislation limitation.

   2. **Lending-based crowdfunding**
      
      Project creators borrow money from the crowd, and give it back to funders over a period of time. Lending-based crowdfunding is also not applicable in Taiwan according to the current legislation.

   3. **Reward-based crowdfunding**
      
      Funders in reward-based crowdfunding platforms receive tangible rewards and feedbacks such as gifts or thanks cards as they fund projects. Most of crowdfunding platforms in Taiwan are this type of platforms.

   4. **Donation-based crowdfunding**
      
      Funders donate money to crowdfunding websites due to the will to donate money to charities or disadvantaged groups. Crowdfunding websites in this type are like features for charity foundations to help them pool donations.

2. **By the way to fund**

   In the aspect of how crowdfunding platforms provide project creators to collect money, there are two modes to pool money on the crowdfunding platform so far. (Note of crowdfunding)

   1. **All-Or-Nothing crowdfunding**
      
      Pool creator can only receive the money if the fund reaches the goal. Once the funded money reaches the goal, pool creator can obtain the money as the limited days is due. If the pool creator cannot reach the goal before the due date, all the funds would be returned to the funders, including the banking charge. The advantage of All-Or-Nothing is that pool creator can test their project, and see if they find the right supporter and niche without worrying about the side effect of the funding failure. However, pool creators have to make a good funding strategy to attract funds. Also, once the funding fails, they cannot take a penny away. The opportunity cost will be higher.

   2. **Keep-It-All crowdfunding**
      
      In this type of funding, pool creator set a goal to fund within the funding days, and no matter how much they reach, they can receive all the money they funded after the due date. The advantage is that the pool creator will definitely receive some money. As crowdfunding platform, they stimulate the pool creators to set a higher goal of fund to try their
project, and give them a better chance to fund more money. On the other hand, no matter how much a pool creator funds, they can only receive this amount of money to do their project on this platform.

Regardless the types of platforms, crowdfunding website gives project creators a free space to show their idea and search for supporters to complete the project. With a proper mode, pool creators can fund their project smoothly and efficiently.

### III - Case Description

In Taiwan, there are so far three typical crowdfunding website, FlyingV, Zec Zec and WeProject (former Startboss). These three are all open crowdfunding website with similar structure and crowdfunding method. These three websites are all still small scale website with few cases and funders. But the crowdfunding industry in Taiwan is still growing; there is still no market leader so far. As long as one of these three websites can gather more funders and project creators, and create a bigger network for the crowdfunding websites, it would make the crowdfunding market in Taiwan be more sustainable and be another powerful choice for entrepreneurs (Yi, 2012).

#### A. FlyingV

Deal with idea!

1. **Origin**

   The initiative intension of FlyingV is to build a platform to help people make their dreams come true. Established by one of the founders of wretch.cc blog, Hong-Chuan, Lin, Flying V was created by many people who have passion of crowdfunding. With the power of a passionate team, Lin wanted to bring the business model which is already a common concept in western country in Taiwan (FlyingV.cc)

   Lin noticed the paradigm shift of funding method in Taiwan, and the new chance for crowdfunding to enter Taiwan. Since the small and medium size of businesses grew up so fast and became the main scale of business in Taiwan, the difficulty for these businesses to fund also turn out to be a huge concern. Crowdfunding is a new way of funding, and can solve the problem of the small and medium size businesses now at the right time. Therefore, FlyingV, the first crowdfunding website in Taiwan was founded.

2. **Types of Cases**

   Most of the cases in FlyingV are projects about dreamers. The cases are like artist funding for products and albums, and project to help certain group of people, such as the project to help old people, to protect environment, or to support T-shirt designers. The objective of cases in FlyingV is open for art worker and designers, also different kinds of dreamers, but direct marketing and charity foundation donation are not welcomed in FlyingV. To support creative people and dreamers to help their dreams come true is the mission of FlyingV.

3. **Funding Mode**

   The funding method of FlyingV is All-Or-Nothing, if the project doesn’t reach the target number, all of the fund will be return to the funder, and the project creator can restart the project after being inspected by FlyingV management

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2 The information is from http://flyingv.cc
team. Once the time reaches the maximum 56 days, and the money amount pass the target money, even the fund is way more than the target money, the project creator can take away the entire fund after subtracting the fee paid to FlyingV. FlyingV will not take the amount of fund to spare in a bank or invest in other financial product to generate more cash flow during the funding period. To the end of 2013, there are over 130 projects which successfully funded on this platform.

4. Instructions

FlyingV has detailed instructions to help project creator to build their project content. To create a project in FlyingV, project creators have to fill in the entire requirement: introduction of the team, project content, project origin, criteria of finishing the project, use of fund, content of feedback and gratitude. FlyingV recommends project creators to give feedback to funders. Feedback can be small gift, thank cards, or souvenirs, but it cannot be share of stock or money. The maximum length of funding is 56 days, which is 8 weeks. The content of project will be divided by four parts to be easy for funders to read:

- Title, main picture and summary
- Promotion video
- Content of project
- Item of feedback

Besides detail instruction for funders and project creators to use the platform, FlyingV also offers consulting of patent legislation for project creators and marketing team to help project creators to promote their ideas. Not only help project creators to fund, they also offer technical and managerial assist to let project creators focus on the following development of their projects.

5. Promotion

FlyingV also have activities to promote crowdfunding, and post current events about crowdfunding or FlyingV on their own blog and Facebook webpage. It delivers the value of crowdfunding and hold activities to educate the crowd. It invites successful project creators to give speeches in universities, and also hold activities to gather project creators to share their feeling and experience. Not only has the virtual platform online, FlyingV also combines real resource with abstract platform together, in order to generate more resource and creativity.

Because it is the first crowdfunding website in Taiwan, there are many media report about FlyingV, which attract more people to notice the websites. In the footer of the webpage of FlyingV, they list our almost 30 press media which had reported their platform, and build a base for their promotion castle.

B. zec zec

Where the big things happen

1. Origin

Wayne, the founder of zec zec, is a dreamer. He wanted to be a writer, and also a movie director, but due to the pressure of reality, he didn’t choose the way he wanted to go. He doesn’t want his dream just fail that way, also he wants to see people’s dreams come true, and he therefore founded zec zec. Zec zec is actually the best way to realize
Wayne’s dream. It is a writer, writes about the stories of project creators, it’s also a director, show us the movie about the dream behind every project (zeczec.com)³.

This platform is created by six Taiwanese youth, they met one another in London, and they found the city has its strong life of art. Even the expense is high, the city is always busy, but the spirit of art is always easy to reach and available for everyone. To take this concept back to Taiwan, the island with a lot of creative people, the six founders want to broaden the horizon of Taiwanese art workers by creating the crowdfund platform, zec zec. To make people amaze, is called “zec zec cheng chi” in mandarin, that’s the origin of zec zec.

2. Cooperate with Social Network

The first project creator of zec zec was a friend of one of the founders, and it opened the reputation of zec zec by social network. Zec zec has their webpage on different social network websites; it encourages project creators to use social networks like Facebook, Twitter and Plurk to let more people see their project. Most cases in zec zec are artists and designers. Zec zec also partner with Pinkoi, a product design platform, and make zec zec be a stage for people to market the outcome of their work.

3. Funding Mode

Like FlyingV, zec zec also uses the All-Or-Nothing method of funding to protect the funders. But project creators can decide the different amount of money for each fund, and offer different feedback according to the amount of fund. Also, they charge the management fee if the project succeeds. However, as to the way to donate fund, zec zec only offers one way, PayPal, for funders to support projects. Due to the international use of PayPal, and the fast process to use it, funders can also donate money through PayPal without being a member of it; PayPal becomes the only way to support projects in zec zec.

4. Other Activities

The promotion activity of zec zec is their blog. They also have their own blog to promote new cases and events about crowdfunding. It also recommends project creators to offer feedback, and project creator can offer different kinds of feedback according to different amount of fund donors give.

C. WeProject

Make the power of crowdfunding implement creativity and promote charity

1. Origin

WeProject is actually the former Startboss, apart from the two platforms above; WeProject supports charity foundations and artist. Also, WeProject will donate a portion of the fund project receives to charities (weproject.com)⁴.

WeProject is a concept for creative people to show their idea, with the support of the crowd, WeProject also contribute to the crowd in the end. They help the artist and designer to connect with charities. By attracting funding through creative projects, to convey the idea of contribution to the society we live in now. The formula of WeProject to run the business is also showed in its platform:

³ http://www.zeczec.com
⁴ http://weproject.com.tw
2. Funding Mode

The funding mode of WeProject is also All-Or-Nothing, as long as the project succeed, WeProject will take a certain portion of fund to donate to charities, charge another portion for management fee, and pay transaction fee to PayPal from the fund, too.

3. Promotion

WeProject has their blog and web page on Facebook. But WeProject values the meaningful will to help people from crowdfunding platform more than the concept of crowdfunding. WeProject also encourages project creators to give feedback to funders to thank the beautiful will to help creative people and the society. To help the project is no longer helping a single team, a single idea; it’s also helping charities, helping the society.

D. WeReport

You support, we report

1. Origin

The full name of weReport is “weReport Public Investigation Journalism Platform”. It is founded by Association for High-Quality News Development, and is the first non-profit platform of combining and generating journalism and investigation in Taiwan. Its mission is: through the funding and participation of crowd, to take a root for investigative journalism in Taiwan and rebuild the press and journalism industry in Taiwan (wereport.org)5.

The committee of weReport is set up for conducting the platform. The committee members are a group of professors from different university journalism departments in Taiwan. The committee members are responsible for examining the project proposals, and the operation and management of the platform.

weReport believes investigative journalism is the weapon to prevent political corruption, and also an important equipment for citizen to participate in public affairs. As the recession and weakening of journalism in Taiwan, it might cause a serious impact on the integrity of the democratic system.

2. Function

The constitution of the Association of High-Quality news Development, stipulates task of the association is to encourage high-quality depth news coverage, improve the quality of civil society, and promote weReport platform. (weReport) There are three ways for users to support the progress of investigative journalism:

- Create a project: if users found some issue is worthy to let the public notice, they can create a project and follow the rule of the platform to fund and finish their investigation.
- Discuss issues: if people have some comments about some issue, or they have information to offer about certain issues, they can join the forum on the platform and participate in public issues.
- Support: if someone found some issue is important and should be investigated, and he or she wants to give some practical support projects, he or she can donate money to projects or to weReport platform, with his or her preferable way and amount.

5 http://we-report.org
Project creators are responsible for listing the detail content, sponsors, and the reason and motivation behind the project. Thus, they need to update the progress of their investigation and list out clear use of fund about every single item when posting their project. By doing so, funders can know who in supporting this project, what is this project used for, and they can discuss about the project issue and also contact with those with the same perspective.

3. Promotion

weReport is a platform for journalism workers and reporters to report issues they want to investigate, and through the way of funding, the project will help project creator reveal important and current issues in their community. Once the project finishing pooling the money, they need to update the progress of their investigation, and also report to weReport. If the project is eventually completed, weReport will also publish the news and the entire report on the platform.

Project creators can funders can discuss about the issues and the industry in the forum, and also use social network websites to let more people about those issues. There are 31 projects which successfully raised fund from 456 individuals though this platform up to the end of 2013.

IV  Discussion

A. Comparison

Table 1 shows the comparison of the three crowdfunding platforms, and discusses the similarities and differences of them.

1. FlyingV

FlyingV has detailed instruction for project creators about how to create a project, and systemized requirement to help them complete the project proposal. They also offer additional assist for project creators about professional issues like patent and marketing to help project creators better their projects.

For funders, FlyingV also offers clear introduction of crowdfunding and thorough information about how the fund will be used. It is also the one with most cases online within the three website. The interface of FlyingV is comfortable to read, easy to understand and every item is listed clearly.

2. zec zec

zec zec is founded by six students, the appearance of the website is more modern and stylish, but the introduction of crowdfunding and the instruction for funders and project creators is too simple, and might cause some confusion to project creators and funders. To create a project, zec zec initially only offer four blanks for project creators to give the proposal to the management team: summary, feedback, background, and target fund, which may make the project creators feel distance and the difficulty to create a project on the platform.

The good will to recommend project creators to contribute feedback to funders is positive, but zec zec offers option for project creators to give different feedback for different amount of feedback, might cause the distraction of the good will. The original goal for feedback is to suggest project creators to thank the funders, but in this way may make feedbacks looks like incentives to pool more money to the project, and make feedback becomes motive.
### Table 1  Comparison of crowdfunding websites in Taiwan

<table>
<thead>
<tr>
<th>Platform</th>
<th>FlyingV</th>
<th>zec zec</th>
<th>WeProject</th>
<th>weReport</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Funding Type</strong></td>
<td>Reward-based/ All-Or-Nothing</td>
<td>Reward-based/ All-Or-Nothing</td>
<td>Combine reward-based and donation-based/ All-Or-Nothing</td>
<td>Donation-based/ Keep-It-All</td>
</tr>
<tr>
<td><strong>Platform charge</strong></td>
<td>Project upload: free Successful project: 5% management fee</td>
<td>Project upload: free Successful project: 5% management fee, PayPal transaction fee</td>
<td>Project upload: free Successful project: 20% management fee, 20% donation for charities, 3.9%+NTD$10 PayPal transaction fee</td>
<td>Project upload: free Successful project: 10% management fee</td>
</tr>
<tr>
<td><strong>Minimum of each fund</strong></td>
<td>NTD$100</td>
<td>Set by project creators</td>
<td>Set by project creators</td>
<td>No minimum</td>
</tr>
<tr>
<td><strong>Way to fund</strong></td>
<td>Credit card, PayPal, Alipay, or pay at convenient stores</td>
<td>PayPal</td>
<td>Credit card, PayPal</td>
<td>Credit card, ATM transfers, convenient store payment</td>
</tr>
<tr>
<td><strong>Information of funders</strong></td>
<td>Show the donate time of funder, only FlyingV and project creator know the amount of fund from each funder</td>
<td>Do not show any information of funder, only the amount of fund and amount of funders</td>
<td>Show the profile and introduction of each supporter and follower, but does not show the amount of fund from each funder</td>
<td>Show the profile and the amount of fund for each funder</td>
</tr>
<tr>
<td><strong>Funding period</strong></td>
<td>Maximum 56 days</td>
<td>Negotiated between project creator and management team</td>
<td>Negotiated between project creator and management team</td>
<td>Maximum 2 months (60 days)</td>
</tr>
<tr>
<td><strong>Appearance</strong></td>
<td>FlyingV shows recommended cases and popular cases on the homepage. For each case, we can see the picture, the progress, category, title, summary, amount of fund, amount of funders, and days left of each project</td>
<td>zec zec shows undergoing cases and successful cases on the homepage. For each case, we can see the picture, the progress, title, summary, amount of fund, amount of funders, amount of supporter, and days left of each project</td>
<td>WeProject only shows successful cases on the homepage. For each case, we can see the picture, the progress, category, title, summary, amount of fund, amount of funders, and days left of each project</td>
<td>weReport categorize clearly the domain of each project, picture, project creator, amount of fund, is the fund in progress or not, days left of each project</td>
</tr>
</tbody>
</table>

### 3. WeProject

WeProject is a crowdfunding platform which combines reward-based crowdfunding and donation-based crowdfunding, the intension and cash flow of fund shows its difference from the other two. Different from normal crowdfunding websites, WeProject requires all the project creators to contribute to certain charities, which means the intension of the project creators is not only to fulfill their own dream, also use their idea and products to help the society.
However, the portion of the fund eventually flows to project creators are much lower than those of other crowdfunding websites. In other words, only when project creators are willing to help the community from the very beginning, they understand and agree with the rule of fund usages, will they post their projects on WeProject.

The charity-cooperated concept is the main difference for WeProject with other crowdfunding websites, but the management about charities in WeProject is not clear enough. There is no information of which charities are cooperating with WeProject, and the amount of money donated to different charities is not clear for project creators, either. If it can provide more information about the charities, and show the transparency of the donation, will help WeProject add more value on their different strategy.

The blog of WeProject shows the current cases, and the detail introduction of them, but WeProject does not provide other information apart from cases on the blog. The blog is another form of crowdfunding website, there is no other use for their blog.

4. weReport

The origin of WeReport is much different from the other three websites. It is a website set up to help the rebuild of journalism in Taiwan. weReport put the projects into different categories like politics, environment, human rights, agriculture, etc. This category makes users to find issues they care about easily and efficiently. The projects posted on the platform are also distinctive and clear. However, the orientation of the platform is more about journalism, the introduction and the way to use the platform for funders and project creators are not listed clearly.

Comparing with other platforms, weReport has the best transparency about the use of funds, the profile of funders, and the operation of the platform. They provide another way for people to participate in public affairs, by gathering them together, the platform also help people in journalism industry to know more people in the same area. If funders don’t want to show their information, they can also donate anonymously. weReport will protect the rights of everyone in the platform by cooperate with Creative Commons, all the content on the platform follows the rule of Creative Commons Public License and are protected by copyright.

To sum up, the four crowdfunding websites have different formats and different way to fund, but the mind to help people fulfill their dreams is similar; besides, except weReport, most of the projects in the other three platforms are about art activities and designers’ products, which indicate the inclination of reward-based crowdfunding websites in Taiwan. To be more diverse, the marketing of crowdfunding will attract people from different domains to join the new way of funding, and broaden the awareness of Taiwanese with crowdfunding.

B. How to Choose a Suitable Platform

Since there are different crowdfunding websites in Taiwan, how to choose a proper websites is the first class project creators should know. After choosing a suitable website, how can project creators fund more money for their idea is another critical issue. The following are the directions that project creators can take into account when creating a project. With correct strategy, it will help project creators pool more fund, get more support, and also broaden the reputation between the competitors.
1. For Project Creators

To choose a proper platform for project creators is a crucial issue. There are several criterias for project creators to identify the suitable platform for them to show their ideas.

By the objective of the platform

Different platforms has different goals and missions, to choose a proper platform to show your ideas, it is important to make sure the purpose of the platform is in line with your objective. Without similar objective, it’s difficult to merge into the platform and the funders stick on the platform.

For instance, the objective of WeProject is clearly claimed on the webpage, which is to use the power of crowdfunding to help more social charities. If you don’t agree with the objective they have, it is difficult to post your project on the platform. On the other hand, if you agree with the mission and objective of WeProject, you can use more terms such as social development and care of the vulnerable people, to attract more fund and support from the crowd.

By the orientation of the projects on the platform

The types of projects are quite diverse in different platforms, but there is always a clear orientation of the projects. Such as projects on zeczec, are more like projects created by artist, designers and musicians. If you can identify the clear orientation of your project, then posting your project on platform with similar orientation will attract crowd with similar preference. With more viewers who have interest on similar domain projects, it will help project creators to get more funds from right funders.

By the rule of the platform

Platform like WeProject has high percentage of management fee up to 20% per project, it also take 20% of fund from each project to donate to charities. Project creators should take care of the rules of the charge of each platform, and clarify the usage of the charge, not to choose a platform without understanding the rule and limitation of platforms.

By the amount of crowd on the platform

Some crowdfunding websites has a lot of crowd on the websites, such as FlyingV. With more funders online will help project creators have more chance to expose their ideas to potential funders and supporters. However, this would also attract more projects posted on the same websites. To choose a famous crowdfunding website, project creators also need to watch out for the competition with other projects. Large amount of crowd sometimes will also flood your projects with other projects.

2. For Funders

By the objective of the platform

Funders who want to support creative people or dreamers also have to choose a proper platform to contribute. A platform with similar objective which funders can agree with is the first thing funders should consider.

To support a project, funders are also supporting a certain platform. Therefore, choose a platform that funders want to see its development and growth is important criteria of selection.

By the use of fund on the platform

Some platform will show the detail of the use of fund, how much will be taken by project creators, and how much will be charged for the management fee of the platform. Funders should know clearly where their money goes,
otherwise will cause a lot more unnecessary conflicts.

C. Suggestions to Crowdfunding Websites in Taiwan

1. Differentiation on interface

Compare with other global crowdfunding website like Kickstarter or Indiegogo, crowdfunding websites in Taiwan look more modern and well designed. The frame style, the category of projects, and the way to show viewers and supporters are easy and clear. Due to the similarity of the function, it is essential for a crowdfunding website to show the picture of the project, the title, the summary, and the information of the funding time and amount on the homepage of the website. Therefore, it is not easy for platform developers to make difference on the interface of the crowdfunding websites.

However, to build the distinctive brand image, to get the awareness of the brand, and differentiate from the competitors, crowdfunding websites in Taiwan need to think about how to make their interface different, and avoid the identical image of crowdfunding websites to have users remember the platform. Besides, most crowdfunding platforms in Taiwan are donation-based and reward-based, due to the legislation limit, but how to make the platform more distinctive, is the main issue crowdfunding platforms in Taiwan need to think about.

2. Multiple payment options

Some websites like zec zec and WeProject, they only offer one or two payment options, which may limit the potential funders to support projects due to the lack of preferable payment options. To attract more crowds, the way for them to donate is critical. The more convenient they feel to help projects, the more chance they will be willing to donate money to them.

3. Feedback mechanism

Most crowdfunding websites have the recommendation for project creators to give feedback gift to funders. This will make the funders feel the feedback of helping as keepsake. However, set different feedback for different amount of donation will mislead funders that considering feedback as incentives.

Same story like the snacks and small gift we get when we do blood donation, we will not get bigger gift or more snacks if we donate more liters of blood. A fair mechanism of feedback is necessary in every crowdfunding website, to have unified feedback for every fund, and share the joy and thankfulness to funders, is the proper way to deliver feedback.

V. Conclusion

In this study we introduce the background of crowdfunding, the history, and the industry environment of crowdfunding, and discuss the different features of each crowdfunding websites in Taiwan. With the study of FlyingV, zec zev, WeProject and weReport, readers can take a closer look at the situation of these Taiwanese crowdfunding websites, as well as the advantage and disadvantage of each platform.

Through the comparison of the platforms, there are also some tips for funder to take them into account when selecting a suitable platform; and also how to raise more money from the crowd for project creators. Also, with the
information compiled, there are some suggestions provided by author to crowdfunding websites in Taiwan.

With a thorough discussion about the crowdfunding environment in Taiwan, we also know the difficulty to do crowdfunding in such a small and immature market. It reinforces again the importance of how to choose a good website, and how to fund from crowds. Through more understanding toward crowdfunding, and crowdfunding websites, readers can have a more complete picture about what is crowdfunding and how to do crowdfunding, which is a new trend for the people to find financial resource in an internet-based era.

Reference


Appendix

Appendix 1. Crowdfunding Timeline

- September 14th, 2011:
  Congressman McHenry introduces H.R. 2930 or Entrepreneur Access to Capital Act

- December 8th, 2011:
  Senator Merkley introduces S.1970 or CROWDFUND Act

- November 3rd, 2011:
  The House passes H.R. 2930 in bipartisan 407-17 vote

- March 8th, 2012:
  The House passes the JOBS ACT (a bill package that includes H.R. 2930)

- March 13th, 2012:
  Senators Merkley, Bennet, Brown and Landrieu co-sponsor S. 2190 or CROWDFUND Act

- March 22nd, 2012:
  The Senate passes the JOBS ACT amended with the CROWDFUND Act

- March 27th, 2012:
  the House passes the CROWDFUND Act

- April 5th, 2012:
  President Obama signs the CROWDFUND Act into law