

Crowdfunding - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2021 - 2029

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Report description:

The Crowdfunding Market size is estimated at USD 1.5 billion in 2024, and is expected to reach USD 3.11 billion by 2029, growing at a CAGR of 15.70% during the forecast period (2024-2029).

Key Highlights

- Crowdfunding entails soliciting many small amounts of money from an undefined group known as the crowd. Crowdfunding platforms could be intermediaries between donors and beneficiaries. This intermediary could exploit a plethora of marketing techniques to influence the defined group known as the crowd. Crowdfunding platforms could be intermediaries between donors and beneficiaries. This intermediary could exploit a plethora of marketing techniques to influence the behavior of the potential donor. Therefore it is essential to look for the influencing factors that are being used on crowdfunding platforms such as social media platforms for raising funds.
- In recent years, crowdfunding has been acclaimed as an untapped and vast new opportunity for entrepreneurs and startups that face challenges in obtaining funding from traditional methods. There is a dedicated crowdfunding platform for raising funds to support the startup ecosystem. For instance, in August this year, Dutch investment crowdfunding company, Symbid, was bought by SeedBlink, a co-investment platform for software firms situated in Bucharest. By expanding the venture partners' operations in Western Europe, the acquisition will expand SeedBlink's reach as it prepares to consolidate and develop the infrastructure for equity investment in European digital startups at all stages.
- According to the Arora Project, a Republic-owned portal that curates crowdfunding initiatives and tracks statistics, more than USD 215 million was invested in startups on equity crowdfunding platforms in the current year until the end of May, up from about USD 200 million in the same period last year. Last year, crowdfunding programs raised a total of USD 502 million.
- Later this year, entrepreneurs, issuers, and investors from around the world will gather in person for the second annual Equity Crowdfunding Week Conference, organized by StartupStarter, an on-demand business education platform that began in 2020.

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Equity Crowdfunding Week is a three-day immersive event that showcases the most creative firms raising private financing in the United States, Canada, and beyond. With the inclusion of black on the block (BOTB), this fully immersive experience will now focus on offering access and opportunities to the BOTB audience wanting to make a mark in the world of entrepreneurs and equity crowdfunding.

-Using campaigns as crowdfunding platforms is crucial in expanding the market share. The increased prevalence of chronic illnesses among the general population is one of the primary causes encouraging the expansion of crowdfunding. Furthermore, various players across the globe started investing in startups and growth companies.

-In December last year, Mind Stone, a London-based edtech firm, received USD 1.7 million in an exciting crowdfunding campaign, exceeding its funding goal and becoming one of the most extensive edtech financing campaigns on the Seedrs platform. Further, in May last year, Zaiser Motors, a technological pioneer in developing the Electrocycle, launched an official Wefunder campaign to support developing and manufacturing of its electric motorbike.

-Companies can now connect with potential investors across all Europe member states for the first time. To entice investors, they can employ transferrable securities, loans, or financial products that resemble shares of limited liability corporations to generate up to USD 5 million each year through crowdsourcing.

-The global financial and economic problems have hurt many nations, making it extremely difficult for governments to address the urgent needs of local populations. Traditional sources of finance are challenging to mobilize in this crisis scenario as lack of liquidity impacts all agents, including the government, businesses, families, and financial institutions.

-As a result, the entrepreneurial experience found itself challenging to raise money to fulfill its goal. Due to these challenges in obtaining finance through conventional fundraising channels, crowdfunding has become a significant factor in business financing. The COVID-19 situation dramatically accelerated the growth of crowdfunding, and the change is continuing in the post-pandemic scenario.

Crowdfunding Market Trends

Reward-Based Crowdfunding is Anticipated to Augment the Growth of the Market

- Reward-based crowdfunding occurs when a firm (often a start-up) seeks pre-seed and seed money via an online platform and provides investors with a gift or "perk" in exchange for their financial contribution. Pre-sales are transactions in which people, initiatives, or businesses raise funds from bankers in exchange for a non-monetary incentive. It allows organizations to interact and build on an existing network and solicit that can be used. This type of crowdsourcing is typically appropriate for early-stage businesses or specialized projects.

- The pandemic resulted in increased contributions and reward-based crowdfunding incidents targeted at assisting those impacted by the worldwide pandemic. The number of COVID-19 reward-based crowdfunding campaigns created by various persons (including citizens, commercial organizations, foundations, charities, and trusts) throughout the European continent increased significantly.

- According to Indiegogo, Inc., hardware and technology crowdfunding is expected to gain popularity in Japan. Last year, Indiegogo collaborated with small and large campaigners to assist entrepreneurial brands in reaching new audiences and testing small batches of new goods.

- According to Forbes Japan, Japanese entrepreneurs raised almost USD 7,000 million last year, expected to rise to USD 10,000 million annually in a few years.

- Reward-based crowdfunding, which does not include making an investment in or a loan to a company, carries inherent risks. It soon advanced from giving supporters a token of thanks for their support of a cause or an appeal. In many instances, it has transformed into a sales channel where the gift is the product bought with the contribution, thereby giving the gift's price in return.

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Europe is Expected to Hold Significant Share

- The European crowdfunding share of the market and growth is likely to increase as more governments in the area organize rules for the crowdfunding model. The European Union nations are also allegedly going to establish laws to allow crowdfunding sites in the region to operate across other EU regions.
- Different crowdfunding platforms in Germany give novice and experienced investors access to private investment opportunities. German crowdsourcing sites are among the most well-regulated and adhere to best practices. German crowdfunding websites provide choices for investment in SME and real estate and let users accumulate wealth.
- In Germany, there are 112 platforms dedicated to P2P lending, equity, debt, donations, rewards, and mini-bonds, according to thecrowdspace.com. Retail and accredited investors can invest through them in several company sectors, including logistics, real estate, green energy, startups, personal loans, art, small and medium-sized enterprises (SMEs), health & science, social causes, education, farming, sport, and maritime. Additionally, Germany has 25 sites for equity crowdsourcing. They provide various investment possibilities for retail and accredited investors, emphasizing real estate, green energy, startups, art, SME, health & science, social causes, education, or farming. The minimum investment amount varies from platform to platform depending on the sector or specific platform objectives.
- The European crowdfunding market has recently made tremendous strides. Technology advancements and increasing proptech businesses in Europe have created new crowdfunding opportunities in real estate, banking, and other industries.
- For instance, In April this year, Heura's second Equity for Good Rebels crowdfunding campaign raised almost USD 4.22 million in just 12 hours, cementing its reputation as Europe's fastest-growing plant-based firm. The Crowdcube campaign saw 4,500 investors from all over Europe join the Good Rebel community, which is on a mission to speed the protein transition.
- Germany is a key market for crowdfunding, as evidenced by the several foreign platforms aggressively courting German investors or trying to extend their operations there. However, until recently, Germany's regulatory climate for private crowdfunding enterprises could have been better. One of the main barriers to cross-border service provision was the absence of unified law, so when the EU regulation on Crowdfunding Service Providers (ECSPR) was created, it initially seemed that Germany would need help to implement it as easily as other EU nations. As a result, on June 2021, the German Parliament passed a bill into national legislation that implements the EU regulation on Crowdfunding Service Providers.
- Even though the local level of the German crowdfunding regulation has some shortcomings, it is anticipated that the robust German FinTech industry, in general, and crowdfunding, in particular, will not be negatively impacted by the new rule, and the German crowdfunding platforms will witness a steady rise in the study period.

Crowdfunding Industry Overview

The global crowdfunding market is moderately consolidated due to the presence of a few companies dominating the market with the presence of many other companies competing between themselves. Also, these companies are investing extensively in offering customers a wide range of technologies for industry-specific end-user applications. Some of the recent developments in the market are:

In October 2022, Bad Comet, a South Korean board game manufacturer, announced the launch of their newest board game as a Kickstarter campaign.

In April 2022, Crowdcube launched a France-facing website. Crowdcube is a platform for crowdsourcing securities in the UK and throughout Europe. Recent regulatory changes will make it easier for Crowdcube, which has been active in Europe for some time, to support issuers in raising up to Euro 5 million (USD 5.27 million) throughout European member states.

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- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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