



**Strike a Chord with the Audience:
The Key to Successful Crowdfunding of Social Enterprises**

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WakaWaka, a social enterprise with a mission of brightening the lives of people without access to electricity, turned to Kickstarter to fund its development and production of solar-powered lighting devices. Their first campaign raised \$48,399 to launch the first production, followed by \$418,472 the next year to fund the tooling and design, and \$296,588 the year after for further product development.

Terraformation, a social mission-driven firm that provides various forms of forest restoration solutions, launched a crowdfunding campaign on Republic and raised \$5M to scale the business with the support of over 3,000 crowd investors.

These real-world examples illustrate how crowdfunding can serve as a useful financial instrument for social enterprises at different stages in achieving diverse developmental goals. With the increasing awareness of social and environmental challenges, we've witnessed an increase in enterprises driven by social missions over the past few decades. According to the Schwab Foundation's report, as of 2024, there are 10 million social enterprises worldwide. Social enterprises—organizations adopting market-based approaches to resolve social problems—often offer novel solutions to address various societal challenges. Although many obstacles stand between these novel ideas and a brighter future, the chasm of financial constraints remains one of the most significant, preventing these ideas from becoming a reality. Social enterprises are not always viewed favorably in the traditional capital market, which prioritizes profitability. Crowdfunding, an alternative financing instrument of collecting small amounts of capital from a large number of people, offers a great solution by connecting social enterprises to a broader audience who might not prioritize the financial returns. According to multiple reputable sources, the global crowdfunding market is expected to reach \$300 billion by 2030. But what would motivate the general public to back a social entrepreneurial initiative? The answer is resonance: social enterprises are more likely to succeed in crowdfunding when they strike a chord with the audience. Then, how to strike a chord and evoke resonance?

Big picture vs. small steps: Two different routes to resonate with the audience

Research shows people view things differently based on the 'psychological distance'—whether something feels close and relevant or distant and unrelated. Psychological distance could be associated with time, location, or many other things. When thinking about something in the distant

future, people tend to take a big-picture view, focusing on the grand purposes or goals—the ‘why.’ On the other hand, when thinking about something in the near future, we become more detail-oriented, focusing on the concrete steps—the ‘how.’ It indicates two different routes to resonate with people when discussing the social initiative—focusing on the big picture of ‘why’ we should pursue this social goal vs. emphasizing the small steps of ‘how’ we could achieve it. Can we emphasize both, or should we focus on one? It would depend on the desirability of the social cause and the feasibility of your solution.

Feasibility vs. desirability: Which is more appealing?

Let’s talk with real examples. Mymizu is a social enterprise in Japan, promoting a more sustainable way of living by reducing the use of plastic. Their main product is a mobile app that shows the locations of free water refill spots so that people can refill their water bottles instead of buying water in plastic bottles. Whereas their social goal is to tackle the plastic crisis of the planet, when they ran a campaign on Kickstarter in 2020 for product development, they focused on the feasible near-term goal—“By the time the Tokyo 2020 Olympic & Paralympic Games comes to a close, we aim to have saved 1 million single-use plastic bottles from going to waste! Together, we can tackle the plastics crisis – one bottle at a time!” As the mymizu case shows, when the social enterprise can offer an easily actionable, feasible solution to the problem, emphasizing the near-future achievable goal is more likely to evoke resonance with the audience, leading to better support.

On the other hand, if the social enterprise offers a more systematic solution to resolve issues on a broader scale, it would be more advisable to focus on the big picture, emphasizing the grand social impact to be created. For instance, Terraformation, a social-mission driven enterprise, focused on communicating the instrumentality of forest restoration as a natural carbon removal system to address climate change when running a crowdfunding campaign. They focused on the desirable long-term goal—“We’re creating accessible, low-cost, and off-grid solutions to the biggest reforestation challenges. Together, we can change our future.”

Heart vs. head: Tailor the message to match the solution

To conclude, tailoring the message to match the nature of the solution—highlighting feasibility for immediate concrete actions or emphasizing desirability for grand societal impact—can help strike a chord with the audience and lead to more active engagement and support of the general public.

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