



**INDUSTRY STUDY OF CROWDFUNDING PLATFORMS  
IN THAILAND**

**BY**

**MISS PATTRA KANGWANKIT**

**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL  
FULFILLMENT OF  
THE REQUIREMENTS FOR THE DEGREE OF  
MASTER OF SCIENCE PROGRAM IN MARKETING  
(INTERNATIONAL PROGRAM)  
FACULTY OF COMMERCE AND ACCOUNTANCY  
THAMMASAT UNIVERSITY  
ACADEMIC YEAR 2017  
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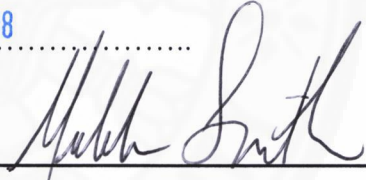
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INDUSTRY STUDY OF CROWDFUNDING PLATFORMS IN THAILAND

was approved as partial fulfillment of the requirements for  
the degree of Master of Science Program in Marketing (International Program)

on..... 1 0 MAY 2018 .....

Chairman

  
\_\_\_\_\_  
(Professor Malcolm C. Smith, Ph.D.)

Member and Advisor

  
\_\_\_\_\_  
(Associate Professor James E. Nelson, Ph.D.)

Dean

  
\_\_\_\_\_  
(Associate Professor Pipop Udorn, Ph.D.)

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## **ABSTRACT**

Financing a project or a start-up is no longer dependent only upon the financial institutions. Many project initiators are relying on other funding resource methods to start-up their dream businesses and one of the most upcoming trend for small business owners is sourcing their funds through crowdfunding. Currently in Thailand crowdfunding is in the initial phase compared to other global platforms.

The independent study aims to analyze, conclude and give recommendations on Thailand's reward-crowdfunding platforms in four main areas, structure, conduct, performance as well as customer experience with each of the platforms.

The study is conducted by using secondary research, observation, and in-depth interview. Data acquired from the study is transcribed, identified key patterns, analyzed and summarized before interpreting the data. So that the readers would be able to grasp the fundamental concept of Thailand's reward-crowdfunding platform industry as well as understand the project owner's expectation and experience after using the platform.

From the research results, it can be concluded that the Thailand's reward-crowdfunding industry is relatively small when compared to the global market. The market is slowly emerging, however, there are still barriers to growth due to the lack of understanding of the crowdfunding concept from the project owners and funders, potential project owners' reluctance to initiate new ideas because fear of failure, and the limited amount of innovative ideas that could generate mass-media attention. Thailand's reward-crowdfunding platforms still could further improve the system and service to better enhance the user experience.

The independent study is only focused on Thai reward-crowdfunding platforms available in the market as examples to get better understanding in the structure, conduct and performance of the players in the Thai market. Further research should be done on investigating the funders' expectation and experience when using the crowdfunding platform.

I sincerely hope that the study will benefit people who are interested in using the platform either as a project owner or funder.

**Keywords:** crowdfunding, reward-base, Thailand

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Miss Pattra Kangwankit



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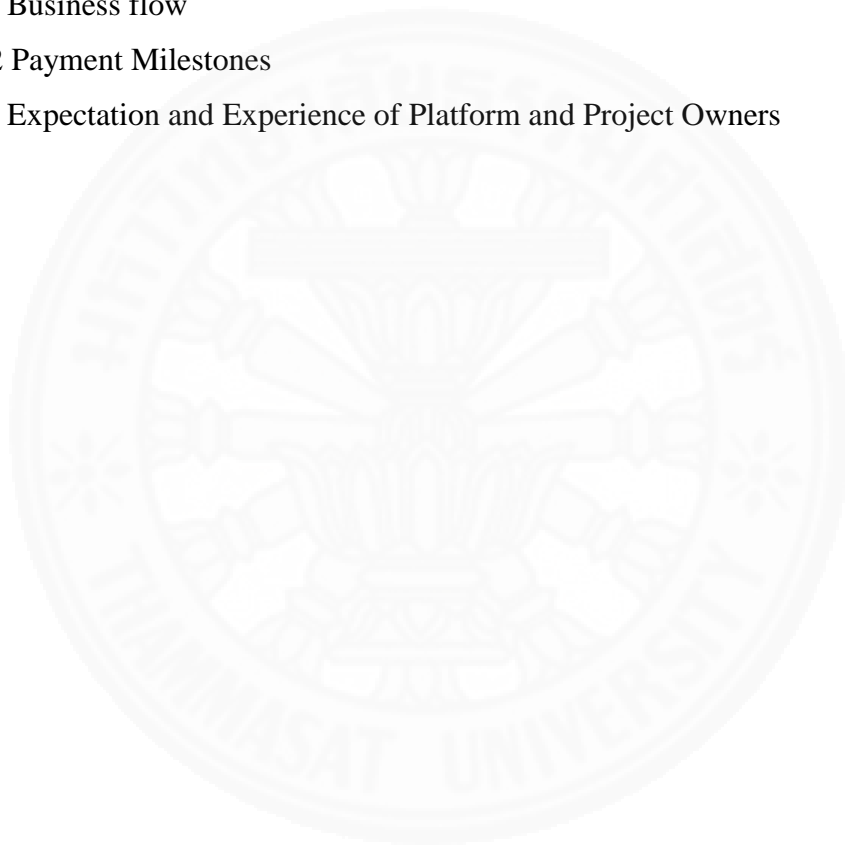
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# CHAPTER 1

## INTRODUCTION

### 1.1 Overview of Crowdfunding Industry

As banks and financial institutions have become stricter on their lending policies (The Nation, 2017), it has become harder for smaller businesses and entrepreneurs to raise funds for their projects. Crowdfunding is an alternative source of financial support for these smaller businesses. The crowdfunding industry is growing, expected to grow to 300 billion US dollars by the year 2025 and has produced over 270,000 jobs (Statistic Brain, 2017).

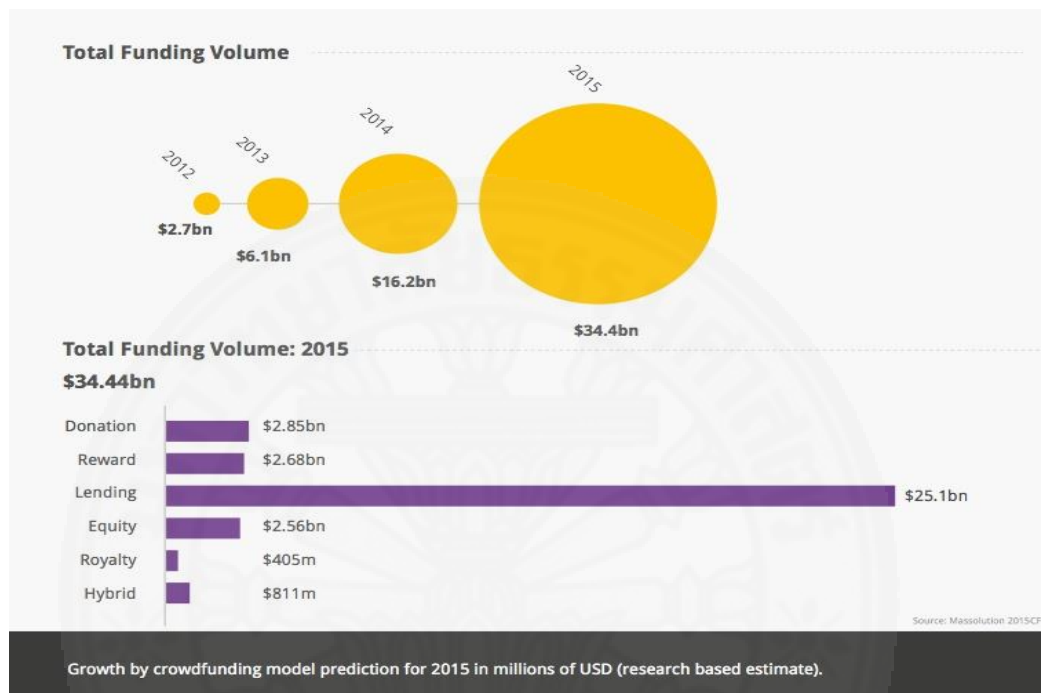
Crowdfunding enables project owners to access not only financial resources but also tap into real demand. Crowdfunding allows people to test their creative ideas without putting in substantial financial investments. Traditional firms would have to predict the demand for newly launch products, whereas, through crowdfunding, the risk is reduced. (Joenssen D. W.)

Thailand's start-ups have grown significantly within the past several years. From only three start-ups in 2012 to over 75 start-ups in 2016 (Techsauce, 2017) (refer to Appendix A). The trend of start-ups is on the rise, as well as the amount of funding needed. In 2012, only 3.1 million US dollars was raised compared to 81.06 million US dollars in 2016, 270 percent increase in a five-year-period (Techsauce, 2017) (refer to Appendix B).

There is great potential in the crowdfunding platform industry, by understanding the business structure, market strategies and performances of these platforms would benefit small businesses and entrepreneurs who want to start their business.

## 1.2 Crowdfunding Definitions

Crowdfunding can be categorized into six categories, the most popular categories are reward-crowdfunding, donation-crowdfunding, equity-crowdfunding and peer-to-peer lending. (Hebert, 2015)



**Figure 1.1: Funding by type of crowdfunding 2015 (Massolution, 2015)**

Reward-crowdfunding allows the project owner to promise the people who funds the project with several types of rewards in return for their money. It is the most common type of crowdfunding. Businesses use this type of crowdfunding to get pre-orders for their product. (Fundable, 2016) Key players in the reward-crowdfunding platforms are Kickstarter and Indiegogo. As shown in Figure 1.1, in 2015, reward-crowdfunding has raised 2.68 billion dollars.

Donation-crowdfunding is providing money for a charities and social causes, usually people who owns these types of project do not typically offer the people who donate money and rewards in return. (Fundable, 2016) Key players in the donation-crowdfunding platforms are Gofundme.com and Crowdrise. As shown in Figure 1.1, in 2015, donation-crowdfunding has raised 2.85 billion dollars.

Equity-crowdfunding provides shares of a company in exchange for investment capital. The trend of equity crowdfunding began when the Jumpstart Our

Business Startups (JOBS) Act in April of 2012 was signed. This type of raising money allows the entrepreneurs to set up their investment requirements that previously had been given by investors (Fundable, 2016). Equity-crowdfunding still is in debate on laws and regulations that would protect investors in buying shares through equity crowdfunding. (Hornuf, 2017) Key players in the equity-crowdfunding platforms are AngelList and CircleUp. As shown in Figure 1.1, in 2015, equity-crowdfunding has raised 2.56 billion dollars.

Peer-to-peer lending is currently the largest type of crowdfunding, it has raised over 25 billion US dollars or 73 percent of global crowdfunding value in 2015, as shown in Figure 1.1. (fundly, n.d.) It is allowing individuals, entrepreneurs, and small businesses to borrow money without going through the traditional financial banks or institutes. (Fundable, 2016) Peer-to-peer lending is disrupting the financial traditions of borrowing money, it has taken away the intermediary, the paper work and made borrowing money easier for everyone. (McGeachie, 2016) Thus, Peer-to-peer lending has gain increasing popularity in the financial sphere.

Hybrid-crowdfunding is a combination of some or all categories as mentioned earlier, hybrids allow project owners to explore more into their financial supports from the crowd, for example, a project owner could get percentages of the funding in loans and pre-financing or production and services. While, royalty-crowdfunding platforms aims to provide funders with return calculated from future income of the company, through revenue sharing arrangements. Hybrid and royalty crowdfunding is still very new, as shown in Figure 1.1. Hybrid and royalty crowdfunding platform has raised 811 million dollars and 405 million dollars respectively. (Irene, 2012)

### **1.3 Study Purpose and Objectives**

Crowdfunding is becoming increasing popular for start-ups and new business in the global arena, as Thailand is also pushing start-ups and new innovative businesses to succeed, crowdfunding could play a major role in the development of these new companies. The research is aimed to understand the crowdfunding industry in Thailand with these four main objectives.

- A.** To understand the market structure of the crowdfunding industry in Thailand

focusing on the following the number of player in the market, differentiation among the players in the market, types of available crowdfunding platforms in the market and the growth rate of demand and supply in the crowdfunding market. To understand the conduct of Thailand's crowdfunding platform in terms of market trends and regulations that affects the industry.

- B.** To understand the conduct of Thailand's crowdfunding platform in terms of marketing practices, positioning strategy, and market segments.
- C.** To compare the performances of the key players by using the following indicators, average gain of successful crowdfunding projects, average project period, and average success rate of the projects on the platform

#### **1.4 Organization of Report**

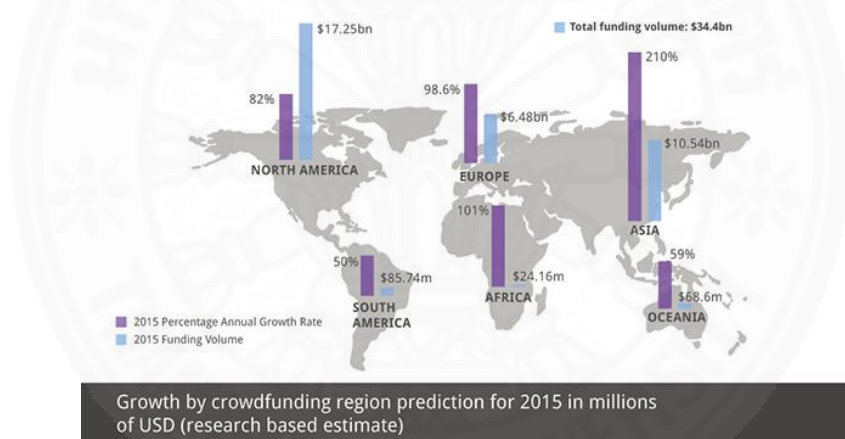
This report is divided into 5 main parts. The first part is the introduction, providing basic information on the crowdfunding industry and current situation in Thailand. The second part is the literature review comparing insights previous studies done. The third part is a research design which explains the research method, research findings and final analysis methods of qualitative data. The fourth part provides details analysis of results of the qualitative data. Finally, the last part is summary and conclusion which provide recommendation.

## CHAPTER 2

### REVIEW OF LITERATURE

#### 2.1 Industry Structure

North America is the leading player in terms of volume size with total funding of 17.25 billion US dollars, Asia is the second largest player with total funding of 10.54 billion US dollars in 2015 (Crowdsourcing, 2015). Despite having the second largest funding volume, we can see that crowdfunding has grown tremendously in 2015 with a growth of over 210 percent (Crowdsourcing, 2015).



**Figure 2.1: Growth of crowdfunding 2015 vs Funding Volume 2015**  
(Crowdsourcing, 2015)

Crowdfunding is a growing industry, it is expected to grow at a CAGR of around 17 percent during the forecast period, 2017-2021 (Technavio, 2017). There is a large opportunity in the crowdfunding market. Crowdfunding is still in its early stages in Thailand (Thaipublica, 2015). Thailand's industry is worth one million baht as of 2016 compared to 21.77 billion US dollars in the United States in 2017. (Technavio, 2017). There are three types of crowdfunding business models available

in the Thai-market which are reward-crowdfunding, donation-crowdfunding and equity-crowdfunding (Techsauce Team, 2016). However, equity-crowdfunding is currently under regulatory setup so there have not been any initiated projects yet. (Polkuamdee, 2017) Most of the crowdfunding platforms take up five to ten percent commission fee upon the successful target amounts (Fintechnews Singapore, 2016).

## **2.2 Industry Conduct**

Many of the crowdfunding platforms did not have strategic marketing plans, the small technology startup firms were more likely to invest their capital on the website rather on marketing strategies to recruit both potential project owners and funders to the platform. In the Initial phase, the crowdfunding platform must be able to draw in a large crowd of potential project owners and funders to the platform. Without the project owners, the platform would not have enough projects displayed to attract funding and without a large crowd of funders, there would not be enough funding to make the project successful. Therefore, it is important for platforms to attract many both potential project owners and funders to the website. (Hoskins, 2013)

The study had also stated that Kickstarter, one of the top players in reward crowdfunding, had been able to provide cost-effective marketing programs for their project owners by subsidizing marketing programs for the project owners and then utilizes the free publicity of successful project as their public relation strategy. Furthermore, Kickstarter had been heavily relying on search engine analytics to analyze the flow of users on their websites. (Hoskins, 2013)

### 2.3 Industry Performance

Thailand has high potential to grow in the crowdfunding area due to their charitable nature (Meunprasertdee, 2015). It is found that Thais are more likely to donate money, roughly 70 percent of Thailand's population has donated money for charitable causes (Nonprofit tech for Good, 2015). This is because Thai's culture revolves around Buddhist ceremonies and donation is an important part of doing well in the Buddhist culture. (Meunprasertdee, 2015)



**Figure 2.2: Charitable giving in Asia Pacific (Mastercard, 2015 )**

According to the research from Thailand's Research Institute, Thais donate on average a total amount of seven billion baht per year in 2016. Ninety percent of Thai donors said that was because donation made them feel good about themselves (Matichon Online, 2017). Since crowdfunding concept is very similar to donation concept, we believe that Thai people would be ready to grasp and support crowdfunding easily. However, data on crowdfunding consumers in Thailand are still very limited as the industry is new and the concept is not widely spread.



**Figure 2.3: Equations for a successful crowdfunding campaign (Cloopband, 2017)**

In the global arena, Kickstarter and Indiegogo are the key players in the reward-crowdfunding category, with Kickstarter gaining 2.6 billion US dollars funded and Indiegogo gaining 1.02 billion US dollars funded on their platforms (Statistic Brain, 2017). As these platforms have been well-established with information from thousands of projects launched on their websites, over 132,000 launched projects in 2016 (The Art of Kickstarter, 2017). As a result, several key performance indicators i.e. success rate, average campaign period etc., can be observed. Since Thailand crowdfunding platforms are relatively new, we can use the performance indicators in the global market to benchmark these platforms with one another as well as with the global players.

Crowdfunding success is defined by whether the project owners reach their target funding provided on the crowdfunding platform (Joenssen, 2014). Key success factors that are often mentioned in most studies are campaign duration, funding goal,

the timing of crowdfunding campaign launch, funding stage and information updated afterward (Alker, 2016).

Mentioned on cloopband.com, the level of success depends on four key factors, the people, the product, the experience and the tool. As shown in Figure 2.3, the equation is the people times by the product and then added by the experience and tools. (Cloopband, 2017)

Getting the people onto the campaign requires additional time and effort, hence, many project owners that had succeeded would recommend new project owners to spare extra time for pre-campaigning efforts. Having potential funders that could not wait for the project to launch on the crowdfunding platform will ensure that the likelihood that your project will succeed. (Cloopband, 2017)

The campaign performance relies on the first two days after the project is launched. If the project received a good response within the first 24 hours, it is likely that the project would receive recognition from the platform staff, which will then help the project gain more exposure. Many campaigns receive 80 percent of their funding within the first five days of the campaign. If the time to reach 80 percent of funding exceeds five days, the likeliness of success would decline. (Cloopband, 2017)

Content is also vital for pre-campaign activities, key factors that make good content include, humor, likable and sharable content. To have the content go viral, it is also important to make sure that the content is sharable. As you are looking to get funding from the crowd, sharing the content is vital to gain more supporters. Having a Facebook page and Instagram account will help you keep track on the numbers of people you have gained and spread the word of your project. (Cloopband, 2017)

The last factor is the product, the product must serve the needs and solves the pain or the problem of the consumer, to get insight from the customer, the website suggests that the project owner do surveys from potential customers that they have initially gained. And explore other similar alternatives that are currently in the market or similar campaigns that have launched on the platform to get a sense of what would be possible for your project. (Cloopband, 2017)

It is undeniable the crowdfunding platform is a growing industry, notably in the Asian region with significant growth of 210 percent in the year 2015. (Crowdsourcing, 2015). The largest funding comes from peer-to-peer lending followed by reward and equity-crowdfunding respectively. (Irene, 2012) There are several sources of information on key players in the global market, however, information and statistics for Thai crowdfunding platforms are still limited. There has not been any research done on the structure, performances, and conducts of these platforms. Notably, the key success factors were mainly derived from global platforms, and only one research has been done on one Thai platform. Therefore, there is still a limitation of information for project owners who would want to start a campaign on these Thai platforms.

The purpose of this research is to study the key players of Thailand's crowdfunding platforms, to understand the structure, the conduct and the performances of such platforms. The research will benefit people who want to start a project on these crowdfunding platforms understand the structure of crowdfunding platform, understand the marketing strategies conducted by these platforms as well as the key success factors that would help their project succeed.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

The study used exploratory approach to acquiring data according to the research objectives. The research methodology is divided into three main parts research design, data collection, data analysis.

#### **3.1 Research design**

Structure-Conduct-Performance model is used as a scope for this research. From the model we identified the independent variables as follows, crowdfunding type, platform business model, competitive landscape, legal regulation, government support, market trends, platform marketing position, platform marketing strategies, platform pricing strategies, the process of initiating crowdfunding projects and years operated in Thailand. To find the answers for the study and meet the objective the researcher had performed the following

##### **3.1.1 Secondary Research and Observations**

Data was obtained from sources such as university journal, National Research Council of Thailand (NRCT), National Statistical Office of Thailand (NSO), newspaper, course materials, platform websites etc.

The purpose was to gain an understanding of the crowdfunding business model in the global industry, specifically in the United States as well as in Europe, where there are largely established crowdfunding platforms that had been in operations for several years and had already put forward legislation for the industry and use it as a benchmark to compare the performances of the crowdfunding platforms in Thailand and the global players.

Comparative information gathered from global platforms, Thailand industry economic landscape and digital economy growth were also included in the study to understand its impact on the industry, as well as governmental policy and regulations. Moreover, observations were made to gather information on crowdfunding projects on Thailand's crowdfunding platforms to serve the following objectives:

- To understand the market structure of the crowdfunding industry in Thailand (*objective 3.1*)
- To understand to current trends of crowdfunding in Thailand and Global (*objective 3.1*)
- To understand to the Thai's regulations (*objective 3.1*)

### **3.1.2 In-depth Interview**

In-depth interview was performed on key three participants in the crowdfunding industry, the platform owner, the project owner and key experts in the industry. Information acquired from an interview with the platform owner will cover the basis of industry structure, company's key conducts as well as company's key performances. Information acquired from an interview with the project owner will cover the basics of their experiences with the platform, actual support received from platform owners, success factors for their projects, as well as satisfaction towards the platform and overall satisfaction rating score. Information acquired from an interview with industry expert will cover the basics of Thailand's overview of the crowdfunding industry, Thai behavior and the crowdfunding as well as trends and possibility for crowdfunding growth. The interview process is performed by using private interviews through face-to-face and telephone call conferences.

### **3.1.3 Identifying Research Variable**

We identified the dependent variables as follow the number of projects launched on the platform, number of successful projects on the platform versus the number of failed projects, average period for projects on a platform, average days to reach target on platform, number of updates from projects on platform and average amount of fund raised on platform. (Appendix C)

## **3.2 Data Collection**

Due to time limitations, non-probability convenience sample was used as our sampling method for the data collected for this study.

### **3.2.1 In-depth Interview Sample Size**

There are currently three Thai reward-crowdfunding platforms available in the market, due to the limitations and time constraints, the researcher was able to acquire information from two leading Thai reward-crowdfunding platforms, which are Meefund and Asiola. The interview was conducted with Mr. Jon Lor, Chief Executive Officer (CEO) of Asiola and Mr. Nathasorn Boontanorm, Co-founders of Meefund. Question guide for platform owners is provided in Appendix D. Below are the details of the platform owners.

Since the total number of Thai reward-crowdfunding project launched is unknown, the researcher used non-probability sampling to acquire the number of project owners to be interviewed. Due to the limitations and time constraints, the researcher was able to acquire information of total five project owners from all the three Thai reward-crowdfunding platforms. The project owners comprised of one failed project and four successful projects launched. Question guide for project

owners is provided in Appendix E. Since the researcher had agreed to not disclose the name and details of the project owner for confidentiality reasons, project owner details are as shown below

**Table 3.1: List of Project Owners**

Name	Project Owner 1	Project Owner 2	Project Owner 3	Project Owner 4	Project Owner 5
Platform Used	ASIOLA	ASIOLA	MEEFUND	MEEFUND	DREAMAKER
Project Success	Yes	No	Yes	Yes	Yes
Project Period (days)	60 days	60 days	60 days	60 days	60 days
Type of Project	Arts	Music	Publishing	New Product	Event

Since crowdfunding is a relatively new industry in Thailand, the number of the experts within Thailand is unknown and limited. Question guide for the experts is provided in Appendix F. Due to the limitations and time constraints, the researcher was able to acquire information from two experts, Mr. Piyapong Meunprasertdee, co-founder of Fungjai and Mr. Sarun Pinyarat, Chief Executive Director and founder Fungjai.

### 3.3 Analysis

The data collected from in-depth interviews with the experts will be transcribed into word format. Data from the interview will be used to look for key ideas. The pattern will be observed from the data collected, to help draw and verify conclusions. Finally, the conclusion will be interpreted and applied to the current situation and to provide recommendations.

The data collected from in-depth interviews with the crowdfunding platform owners will be transcribed into word format. Data will be used to analyze the industry structure according to the Structure-Conduct-Performance model in identifying the following key variables from structure, conduct, and performance of

the platforms.

The data collected from in-depth interviews with the crowdfunding project owners will be transcribed into Word format. The interview will be used to analyze the experience of the crowdfunding project owners by using the customer experience model as a scope to understand the project owners experience with the platform as well as interpreting the satisfaction score provided by the project owners. The data will be used to identify patterns and key variables that would lead to a successful project, cluster the key variables together to better interpret the data. The data collected from the in-depth interviews will be described by using data reduction method, verbatim and transform into summary sheets by using coding. The pattern will be observed from the data collected, to help draw and verify conclusions. Finally, the conclusion will be interpreted and applied to the current situation and to provide the recommendation.

## **CHAPTER 4**

### **RESULTS AND DISCUSSION**

#### **4.1 Expert View on Crowdfunding Industry in Thailand**

##### **4.1.1 Misunderstanding about Crowdfunding**

As mentioned by K. Piyapong, the public often has a misconception about crowdfunding. Project owners often think that just by initiating a project on a crowdfunding platform, funders would be interested and willing to pay to support their project. No matter how innovative the idea is, funders might not fund the project. Most of the time funders are friends, friends of friends, family members, and club members etc. not the public.

K. Piyapong pointed out that 70 percent of funders do not repeat funding, “Crowdfunding should be called Peerfunding or Tribefunding instead” said K. Piyapong. He explained that most funders fund because they are friends with the project owner or they belong to the same group of the project owner.

##### **4.1.2 Thais Acceptance of Crowdfunding**

“Crowdfunding is still a very new concept in Thai Society” mentioned K. Sarun, he explained that not a lot of people understands the concept of crowdfunding very well. K. Piyapong also mentioned that the word crowdfunding might be too hard to understand but project owners could use other words like “pre-order” or “pre-book” to better explain the idea of crowdfunding.

Another obstacle for crowdfunding is the payment channel, Kickstarter and Indiegogo uses credit line remittance to ensure payment. However, credit card usage in Thailand is not widely used. “Not a lot of Thais own credit cards, if they do,

they only use it for places they are familiar with” stated K. Sarun. He explained that if the platform is new, Thais are reluctant to use their credit card on the platform. Therefore, since crowdfunding only uses credit card remittance, there would be some resistant to fund the projects.

#### **4.2 Industry Structure**

In Thailand, there are currently three Thai reward-crowdfunding platforms in the market, Asiola, Meefund and Dreammaker. In the report we will refer to these three platforms as platform X, Y and Z. Since there is only three players in the market, the author would like to protect the privacy of information of these companies, which could be used to compete against each other, as one of the company requested to read the final report.

The size of Thailand crowdfunding market is roughly one hundred million baht. Whereby platform Z and Y were the key players in the market, accumulating roughly 80 percent of the total market share, owning approximately 40 percent for each platform. While platform X controls the remaining.

Platform Z and Y agreed that their platforms are not only aimed at marketing ideas and project locally but also the South East Asian market. All the three platforms are bi-lingual, contents for the projects are provided in both Thai and English. Platform Z and Y view global crowdfunding platforms like Kickstarter and Indiegogo as their competitors. There were very few competitions amongst the three platforms.

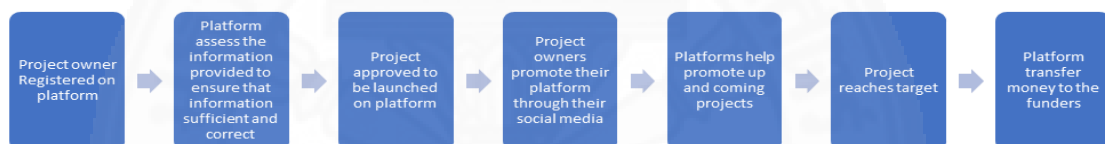
Thailand 4.0 initiative by the government was not supporting the crowdfunding business. Neither of the platforms had mentioned about the support they had benefit from the initiative, they see the opportunity from the explosion of

new start-ups and new businesses that are currently on the rise in Thailand. “The beauty of crowdfunding is that you don't have to put your money up front” mentioned by one of the platform owners, he believes that the crowdfunding could enable people to test businesses, thus more opportunities for new startups.

### 4.3 Industry Conduct

#### 4.3.1 Operation Flow of the Crowdfunding a Project

From the interviews, the business flow for projects to launch on the platform is relatively similar for all platforms as shown in the following figure:



**Figure 4.1: Business flow**

First the project owners would have to register their project on the platform, they are responsible to calculate the financial amount they need to make the project happen as well as the period, which they want the project to be available, as well as pictures, video, project prototypes or other assets that would make the project more appealing for the funders. Once all the information is uploaded to the platform, the platform staff will re-check the information and approve for launch, usually, the process takes about five to seven days. After the project is launched on the website, the project owner has the responsibility to promote the project and recruit funders from their social media. If the project is not a pilot project recruited by the platform, the platform would not help promote or do any marketing activities.

When the project reaches the target, the platform will process the information and transfer the first 30 percent of the money to the project owner within seven days. After that, the project owner needs to reach certain criteria to receive the rest of the amount. By doing so the platform can assure those project owners will keep their promise to the funders and maintain the reputation of the platform. The next 30 percent of the amount arrives when the project owner has ordered the prototype and the final 40 percent will be transferred when the first shipment is sent out. The total amount received by the project owners will be total crowdfunded amount minus the service fee of 10 percent.

#### **4.3.2 Marketing Strategy**

As a crowdfunding platform, there are two types of customers, the person who initiate projects on the platform (project owner) and the person who gives money to support the project to get a reward in return (funder). These two group of customers are both important, one cannot succeed without the other.

Initially, the platforms will use personal connections to recruit influencers, a well-known artist, and famous celebrities to create projects on the platform. The platforms believe that these people have a fanbase that follows and could become potential funders on the crowdfunding platform. Not only the fanbase but also the media attention these celebrities have, the platforms were able to create more media coverage for the platform.

On the other hand, platforms reach out through funders through a variety of channels, Facebook display advertisements, and Google's Search Engine Optimizer are the two most important media. One platform key strategy is to target the right funders to the right type of project, this would translate into higher conversion rate.

As well as using webpage analytics to analyze the heat mapping, where the mouse is clicking, how much time users are spending on the website etc. and understand the behavior of people that go through the platform. “Marketing really depends on the type of project we have on the platform, and who to target is dependent on the type of project” mentioned by one owner of the platform.

“Delivering good content with good visual is the first step to do marketing” mentioned by one of the platform owner since crowdfunding is still a new concept, the visuals and guides must not only be appealing but also easy to understand. The process on the explained on the platform needs to clear and precise. One of the platforms creates easy to understand video tutorials for both project owners and funders to guide them through the creating and funding process.

“We have found out that people are more likely to fund if they see that their friends and family have posted about the project on social media,” said one platform owner, both platforms encourage project owners and funders to share post about the projects on their social media to spread word of mouth about the project.

“Offline face-to-face marketing is as crucial as our online strategy” stated platform Z. Both platforms pay attention to offline marketing as well as their online strategy. Offline marketing activities mainly focus on educating about crowdfunding to the public. Platform Z does workshops with startup related groups, while platform Y does a workshop with university students. Both platforms believe that it is important to deliver the message face-to-face with potential funders and potential project owners, it reduces the barrier of trust between the platform and the users.

#### 4.4 Industry Performance

Comparison between two of the main reward-crowdfunding platforms, platform Z, and Y that controls roughly 80 percent of the total market value. The key performance indicators are derived from reward-crowdfunding global platforms statistics, we also will compare results of these two platforms with Kickstarter a prominent global player.

**Table: 4.1 Key Performance of Platform Y, Z and Kickstarter (Kickstarter, 2017)**

Key Performance Indicators	Platform Y	Platform Z	Kickstarter
Years in operation	2	2	8
Average projects/month	30	50	4,100
Average project period	60 days	60 days	30-40 days
Project Success Rate	30%	50%	36%

From our interview with platform Y and Z, the two platforms were reluctant to give exact numbers of the projects on the platform and total amount of funding raised on the platform. From Table 4.1 Platform Y and Z has been in operations for two years, while Kickstarter has been in operations for eight years. Platform Y has roughly 30 projects per month, platform Z has roughly 50 projects per month while Kickstarter has roughly 4,100 projects per month. The number of success rates for platform Y was 30 percent, in contrast to platform Z which seemed to be gaining higher success rates of 50 percent, this number is also higher the Kickstarter, which their success rate is only at 39 percent. As per an interview with the owner of platform Z, the platform wanted to be perceived that projects on the platform were likely to reach funding. The platform helped project owners promote projects as well as recruited well-known artist that had a fanbase that could be turned to potential

fundraising. However, he believed that the number of success rate would eventually meet the industry average of 30 plus percent.

The number of projects on the platform for platform Y and Z were significantly lower than Kickstarter, this could be that Kickstarter has been in the business of crowdfunding for eight years, attracting global audiences, the levels of understanding of the crowdfunding and key success factors would have made the platform more attractive, while platform Y and platform Z only targets Thai project owners, their target audiences are comparatively lower. “Thais are not keen on innovating new ideas” mentioned by platform Y, he argued that the lower number of projects was due to a lack of “Crazy and Innovative” people who would dare to put ideas on the platform. He believed that if the society cannot push or foster these types of people the number of projects on crowdfunding platforms would not be able to achieve Kickstarter standards.

#### **4.5 Challenges and Response by Platforms**

“When we started the platform, only 10-15 percent of the market understand what we were doing” mentioned by one platform owner. The word “crowdfunding” was a new terminology that had to be educated to the market. Content on the website was crucial to educating the market, clear and easy to understand guidelines were written out, as well as easy to understand short videos were created for the purpose. Not only that, both platform Z and Y brought in famous people, well-known artist and public figures to create awareness for the platforms.

Another problem that had arisen after doing several workshops was failure. “Thais are afraid of failing” mentioned by one platform owner. And when people are afraid of failure, they will not dare to start any new projects and ideas.

Platform Z had created workshops that allow potential project owners to embrace their failures. “Crowdfunding allows project owners to fail without losing money” explained one platform owner, as he believe that crowdfunding would enable people to fail faster and learn faster and develop new and better projects better.

#### **4.6 Trustworthiness of Crowdfunding Platforms**

“I think when we talk about crowdfunding there needs to be a level of trust, so that you know that your money and your contribution is going to the right place” declared by one platform owner. Trust is an important for the crowdfunding platform, trust needs to be established between the platform, the project owner and the funders. If trust is not apparent between one of these parties it is very likely the platform and the project would not be successful.

##### **4.6.1 Credit Card Usage on Crowdfunding Platform**

Since payment to the project owner occurs only if the project reaches target, if the platform had received bank transfer or cash, the platforms must deal with a high transfer back cost to transfer all the money received in cash back to the funders. Therefore, using credit remittance as a payment method is the optimal solution for platform owners. However, as previously mentioned only a few number of Thais own credit card. Thais prefer to pay money through bank transfer or cash, by using credit remittance the platforms are limiting the number of potential funders.

“Crowdfunding is not like Zalora or Lazada, people will not get the a few days after purchase” explained the owner of platform Z. Crowdfunding was not like other marketplace platforms, where buyers can ensure that they will get the product after they have made the paid for the product. For crowdfunding the money is restricted until the project reaches target, this creates an uncertainty factor that not

only does it discourage potential funders too fund the project but to also use credit cards on the platform. One of the project owners had mentioned that “People would only use their credit cards on platforms they are familiar with like Lazada or Amazon”. It can be implied that people do not use credit card on crowdfunding platforms because they don’t trust the platform or that they don’t understand the concept of crowdfunding enough to trust the platforms.

#### **4.6.2 Building Trust**

Platform Z and Y understand that it is vital for crowdfunding platforms to create trust between the platform, project owners and funders. Platform Z founder mentioned that “People are putting faith in an idea, without trust they won’t be willing to support the idea”. We have found that the platforms had similar ways of building trust by doing partnership with established banks and creating milestone process for payment to project owners.

##### **4.6.2.1 Partnership with Banks**

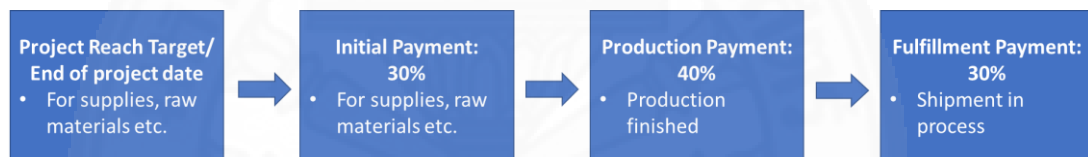
“We have partnered with a bank, especially a prominent bank like X Bank, I think it is really important because it provides a lot of credibility for a new type of brand out there”. Platform Z has partnered with one of Thailand’s leading bank through personal connections, as well as having one of the executive of the bank become their board of advisors and put the logo, “Powered by Bank” on the website. They believe that by having the logo of the bank on the website could create sense of trust towards the platform.

On the other hand, Platform Y had also partnered with another well-established bank, however, they did not publicize their partnership like platform Z nor did they request for the executives to become their board of advisors and did not have

the bank logos on the website. Though the partnership was formed but no action was taken to display the partnership, thus platform Y might not have been able to create stronger credibility for the platform as well as Platform Z had done.

#### 4.6.2.2 Milestones and Updates for Payment

Both of platform had setup some guidelines for payments to project owners to ensure that the project owners are completing their promises. “We want to make sure that creators do what they say they are going to do” informed one platform owner. The platforms setup operation milestones for project owners to complete before receiving payment.



**Figure 4.2 Payment Milestones**

Once the project reaches target amount of funding, the project will continue until the end of period before closing funding. The project owner would receive their initial amount of funding roughly 30 percent of total targeted amount deducted by service fee of roughly ten percent and withholding tax. The initial payment is made to cover the supplies, raw materials, labor to create the reward as promised to the funders. The money is transferred to the project owners within seven business days after the project is closed.

The second payment is given after the project owner has given proof to the platform that their production order has been met. For the reward production, it depends on the type of reward each project had agreed with the funder. Sometimes it

could take up to several months before the order is finished. The second payment is approximately 40 percent of total targeted amount.

The last payment is made once the project owner has given proof to the platform that they have started shipping out rewards to the funders. The project owners are responsible to send out the rewards themselves, the platform would only provide information of the name and address and type of reward requested by the funders. The last payment amount is 30 percent of total targeted amount.

#### **4.7 Project Owners Expectation and Experience on the Usage**

##### **4.7.1 Project Registration**

###### **4.7.1.1 Expectation**

As stated on the platform, the project owner sends in the idea through the platform and the platform then will assess the information of idea, go through the profile of the project owner to ensure credibility of the project owner, this process stated on the website that it would take up to 72 hours after the idea was sent in. The registration process is explained on the platform.

###### **4.7.1.1 Experience**

As interviewed from with the project owners of platform X, Y and Z, there were no significant mentions of satisfaction or dissatisfaction towards the usage of the platforms for the project registration process. Their experience was as expected from the guidelines of the platform.

One key finding when asked about their platform choices, all the project owners agreed that platform Z was suitable for projects related to Arts, while platform Y was suited for innovative products. Even though the platforms did not try to position itself differently or specific to category, the project owners perceived the

position from the projects that were displayed on each platform. “I think platform Z is suitable for creative art projects” mentioned by one project owner, she believed that art projects would have higher chance of success on platform Z.

#### **4.7.2 Project Promotion Period**

##### **4.7.2.1 Expectation**

As stated on the platform guidelines, once the project is approved the project owner would be responsible for creating content and promoting the project through social media platforms. The platform is not responsible for any marketing activities for the project unless agreed upon services are negotiated with the platform.

##### **4.7.2.1 Experience**

One of the project owner mentioned that “The registration for the funder is very confusing, many of my followers could not go in and support my project”. The system ensure that the funders was making actual funding by having the funders re-confirm their log in once they clicked to fund, however, the project owners explained that many of the funders did not understand that they needed to reconfirm their log in and thought that it was a system error. He further explained that the funders were sent to the homepage of the platform and had to search for the project again. “People are at the cashier waiting to pay, but the system sent the people back to the entrance of the mall” one project owner explained how the system was pushing the people away from funding the project. One project owner had to create a separate page on Facebook to track the funders, “My wife and I had to answer messages and create an excel spreadsheet to keep track of people funding for the project, why do I have to put in extra-work for this?”

Even though the platforms are not responsible for the project promotional activities, the project owners mentioned that the platform did help them promote the project on the Facebook page. However, platform Y had only 5,000 followers on Facebook, the project owners believe that their media reach was not wide enough to help spread the word for their projects. Projects owners from platform Y relied heavily on personal connections, friends and families. On the other hand, platform Z had over 46,000 followers on Facebook, project owners from platform Z believes that once the project was on platform Z Facebook, they could reach some related potential funders. However, one project owner said that “We had only received assistance once we reached 50 percent of our target funding”, which could be implied that the platform would only assist projects that had reach a certain level of funding or that they believe it could reach target.

Not only online promotional activities, both platform had helped the project owners connect with magazine and news channels to get media coverage. “The only benefit I see from using the platform was getting our story on a-day magazine” stated one project owner. The project owner explained that she received the opportunity once her project got roughly 70 percent of funding. Another successful project owner had also mentioned that his crowdfunding project was featured on Thairath, Thailand’s leading newspaper.

### **4.7.3 After the Project Period Ends**

#### **4.7.3.1 Expectation**

Once the project reach target, as shown in Figure 4.2, the project owners would receive the money according to the milestones reached. The project owner would be responsible to send out the rewards and follow through with the project as

promised with the funders. The project owners would also have to update on the progress to the project page on the platform website.

#### **4.7.3.1 Experience**

From the interview, one significant matter was mentioned by three out of four successful project owners was the unprofessionalism of the person in charge of coordinating the project of each platform. “The staff that I was working with quit her job and the new person that replaced her was difficult to contact” explained one successful project owner, she further explained that she had to repeatedly request for funders information from the platform. She expected that the platform would have information on the size of the T-shirt that the funders would need, but the platform did not provide that information for her, she had to personally collect all the information herself. Another successful project owner exclaimed that “The staff was not doing their job properly”, he explained the information requested about the funders on the platform did not match up properly, he had to go through the process of rechecking the information by himself.

Another successful project owner had explained that she was not informed that the total amount of money received from the platform would be deducted not only for the ten percent service fee but also withholding tax of seven percent as well. “I saw on the platform that they were charging 10 percent but not withholding tax, lucky we had other source of funding to back us up on that part”. Finally, one successful project owner mentioned that they had received the funding slower than anticipated, “It took them one month to transfer in the first 30 percent not seven

#### 4.8 Project Owners Satisfaction of Service

Expectation was set by the platforms as they have set procedures and guidelines of that the project owners should be able to expect from the platform. Not only the guidelines of the platform, but the project owners had expected some level of professionalism from the platform coordinator as mentioned previously, as well as the expectation of having the platform system run smoothly. However, from the interviews with the project owners, there were several areas that the platform had not meet the expectation that was set by the company as well as expected by the project owners.

When asked about satisfaction after using the platform, the average satisfaction score was 5.2 out of 10. The score could be implied that the project owners were moderately satisfied with the experience of using the crowdfunding platform. As project owner expectations were not met, there were some comments that express their dissatisfaction such as “The user interface was hard to use”, “I should not be doing this minor work for the platform”, “The staff was very hard to contact”.

When asked if the project owner would use the platform again, only one project owner out of the five project owners had suggested that if they had any other projects in the future they might use the platform. The reason why the project owner wanted to repeat was that because they believed that crowdfunding could help them raise some capital the project. On the other hand, project owners that did not want to repeat the service were unsatisfied with the experience they had with the platform, one platform owner mentioned that he would not use the platform again unless the system improved, another reason was that project owners were still reluctant about

potential funders, “I don’t think our fans could understand what crowdfunding is, if they don’t understand they would not fund”.



## CHAPTER 5

### CONCLUSIONS AND RECOMMENDATIONS

#### 5.1 Conclusions

##### 5.1.1 Industry

From the research results, we can conclude that Crowdfunding Industry in Thailand is relatively small when compared to the global market. The market is slowly emerging, however, there are still barriers to growth due to the lack of understanding of the crowdfunding concept from the project owners and funders, potential project owners are still reluctant to initiate new ideas because fear of failure, and the limited amount of innovative ideas that could generate mass-media attention.

Funders of the project comes from family and friends of the project owners, as mentioned by K. Piyapong during the interview and confirmed by the project owners, which had investigated the list of funders on their crowdfunded project, mentioned that their families and friends were the ones that had supported their projects. The crowd that had supported the project were not the people unknown. The awareness of the project therefore relied on friends and families of the project owners to spread the ideas to their circles of friends through social media.

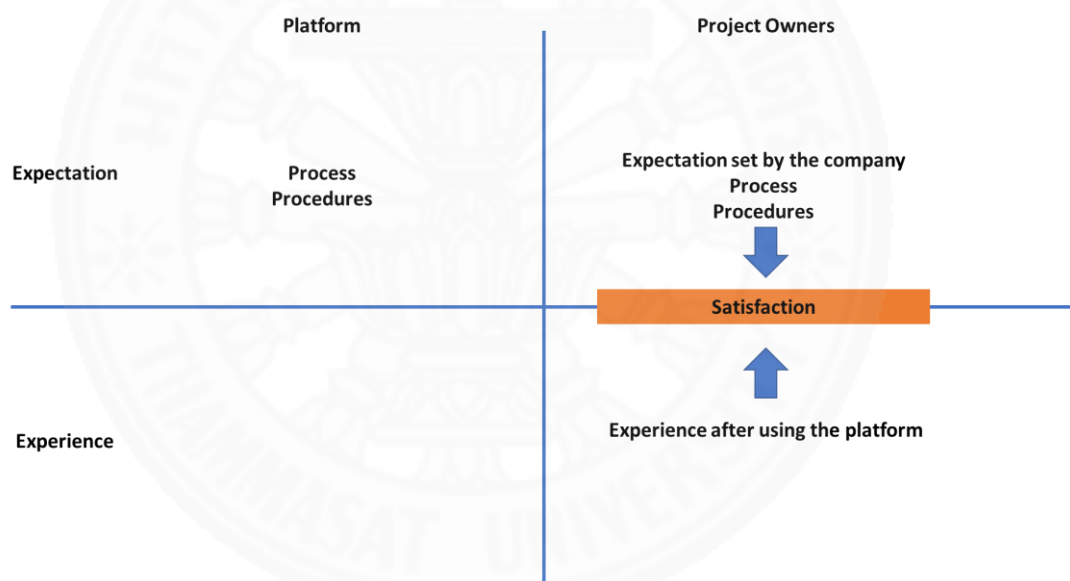
##### 5.1.2 Trustworthiness of Crowdfunding Platforms

Trust is a vital component for crowdfunding platforms, many initiatives were done to create credibility, from partnering with prominent banks, to creating milestones and updates to ensure that project owners follow through as well as boosting the success rates to be above industry standards, so that project owners would have assurance that their projects launch on the platform would have higher

chance of success. Despite their efforts, funders were still reluctant to use credit card on the platform.

### 5.1.3 Project Owners Experience and Satisfaction

From the interview with project owners, their expectations of service from the platform was not only set by the platform through instructions and guidelines but also expectations from experience of working from other projects. We can conclude the relationship of the expectation and experience of the project owners as shown in the figure below.



**Figure: 5.1 Expectation and Experience of Platform and Project Owners**

As discussed in the previous sections about the expectation and experience of the project owners, we can conclude that the expectations of the project owners were not in line with the experience they had with the platforms, this had created dissatisfaction for the project owners. Furthermore, the platform could potentially lose future projects from these project owners as 3 out of 4 successful project owners did not want to repeat the service with the platform.

## **5.2 Recommendations**

### **5.2.1 Platform**

From the interviews with the project owners, the platform should improve in the following key areas of platform system and customer services.

#### **5.2.1.1 Platform System**

Mentioned in the interview, the project owner had trouble of gathering information on the backend once they had reached target, and the re-confirmation for funders when they clicked funding, the platform should improve their backend system, improve the user interface of the platform to make it more user friendly, as well as changing some of the words on the platform to make it more relatable to the funders and project owners such as instead of using the word “support this project” the platform could use the term “pre-order this reward” instead.

#### **5.2.1.1 Customer Service**

Platform staff that were dealing with the project owners were not providing as much service as the project owner had expected, from the interview with the platform owners, it is possible that there were not enough staff to handle the amount of requirement for the project owners, the platform should then increase the number of personnel to accommodate the demand as well as train their staff to provide become more customer oriented, since they are the key connect of the platform brand to the customer, if the customer does not appreciate the service it is very likely that they will not use the service from the platform.

### **5.2.1 Project Owners**

As previously stated, Thailand is still in the beginning stages of crowdfunding, the platforms, experts and project owners all had agreed that crowdfunding is still a very difficult concept for the mass market to understand. Two out of five project owners have not heard about the crowdfunding prior to launching their projects, and all the five project owners have had comments from the funders that they did not understand the crowdfunding concept. Therefore, crowdfunding is still a niche market, the project owner must understand if their target market is in that category before launching the project, because educating on the concept would take time.

Furthermore, as confirmed by experts and project owners, most of the funders would be family and friends, to ensure that the project will reach target, project owners must have a lot of followers who are willing to put in money to the project. Promotional activities should be done through the project owners' social media as well as through family members and friends to get the word spreading on the project.

### **5.2.3 Limitations and Future Research**

The study is one of the first few studies that has been done on the crowdfunding industry in Thailand. There has not been much research conducted and the crowdfunding industry is still very new compared to the other countries. There were only three reward-crowdfunding platforms, and therefore it was hard to gather project owners to interview about their experiences with the platform. Moreover, only one project owner that had not succeed agreed to do an interview, therefore information on the experience of unsuccessful projects was small.

From the crowdfunding industry study conducted, it would be beneficial to do further studies on the expectation and experience of the funders of the crowdfunding platforms, their satisfaction on the service to provide better feedback to the platform owners so that they could further improve their services. Studies on factors that would affect the crowdfunding decision could also help crowdfunding platform owners understand the decision process of potential project owners.



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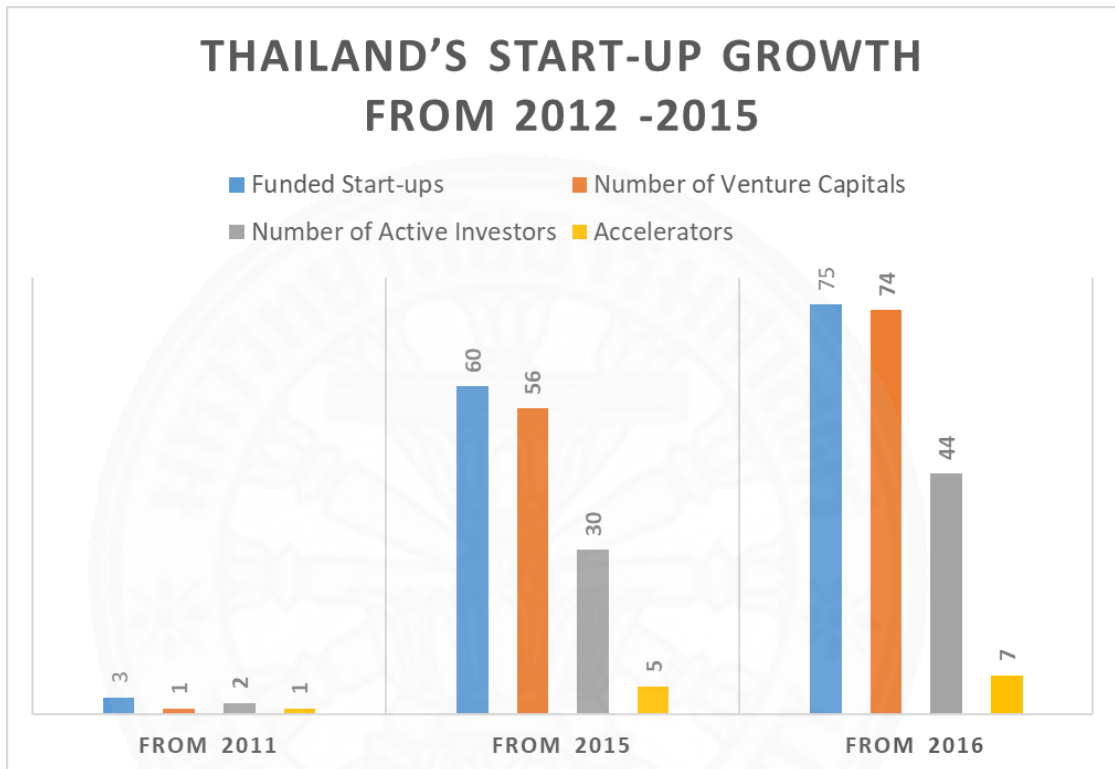
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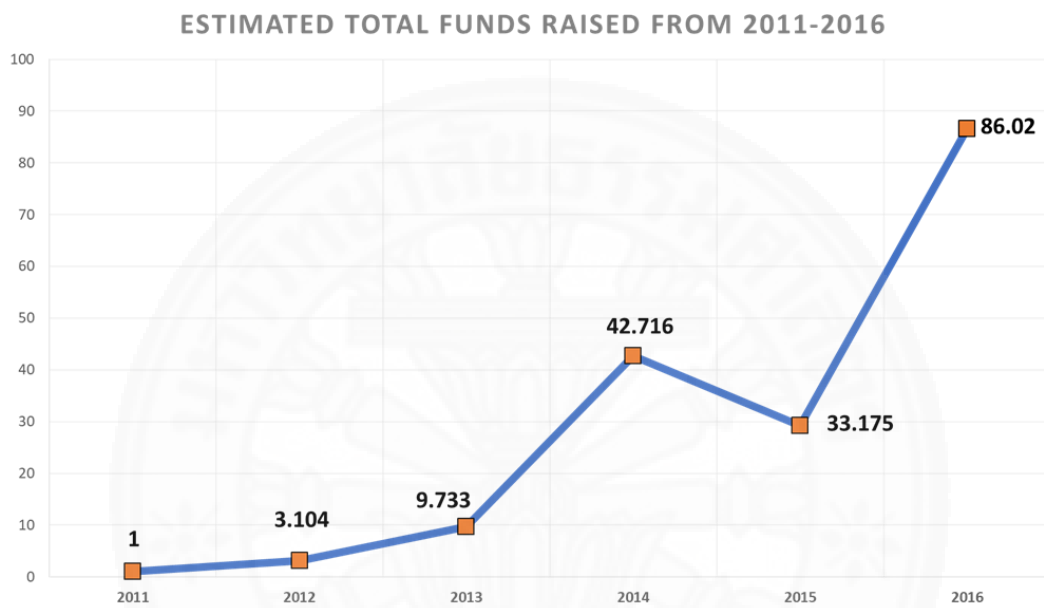
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**APPENDICES**

**APPENDIX A****THAILAND'S START-UP GROWTH FROM 2012 -2015**

**APPENDIX B****ESTIMATED TOTAL FUNDS RAISED FOR START-UPS FROM  
2011-2016**

**APPENDIX C**  
**KEY VARIABLES**

Independent Variables	Dependent Variables
Crowdfunding type  Platform business model  Competitive landscape  Legal regulation  Government support  Market trends  Platform marketing position  Platform marketing strategies  Platform pricing strategies  Process of initiating crowdfunding projects  Years operated in Thailand	Number of projects launched on the platform  Number of successful projects on the platform versus the number of failed projects  Average period for projects on platform  Average days to reach target on platform  Number of updates from projects on platform  Average amount of fund raised on platform

## APPENDIX D

### QUESTION GUIDE: PLATFORM OWNERS

#### Questions on Structure

1. Who do you view as your competitor within the Thai Market? Why?
2. What advantages do you have over them?
3. Can you give me a rough percentage estimate of the total crowdfunding projects you have on your platform compared to the total reward-crowdfunding projects?
4. What is the trend for the reward crowdfunding industry in Thailand?
5. Does the Thailand 4.0 initiative by the government have impact on your business?
6. Which type of regulations would impact you most?
7. With two years in operation, what is the biggest challenge for Platform in Thai market?

#### Questions on Conduct

8. Who do you aspire to be like in terms of business culture?
9. How do you recruit people both supporters and creators to be on your platform?
10. Do you accept all the projects that were created (backend) on your platform?  
If not, what is the criteria in selecting them?
11. How big is your company right now? (How many staffs)
12. What are your key functions you have in your company

13. Are there other revenues streams?
14. How do you promote your platform to funders?
15. How do you promote your platform to project owners?

#### **Questions on Performance**

16. What's the average size of the goal?
17. What's the average size of the fund amount?
18. Overall number of projects launched
19. Success rates
20. Average period of project on platform
21. Average days to reach target
22. Number of updates from successful projects on platform

## APPENDIX E

### QUESTION GUIDE: PROJECT OWNERS

1. Have you heard about the concept of crowdfunding before?
2. What did you think about the crowdfunding project
3. Why did you decide to use the platform you were using?
4. Did you consider any other platforms?
5. Describe the experience using the platform
6. What were benefits using the platform?
7. What were the downside of using the platform?
8. What do you think were the factors that made your campaign reach the target?
9. Are you going to use the platform again?
10. On a scale of 1-10 how satisfied are you with the platform

**APPENDIX F**

**QUESTION GUIDE: EXPERTS**

1. How is crowdfunding in Thailand different from other countries?
2. Do you think Thai society will be able to adopt crowdfunding?
3. What are the key obstacles for crowdfunding platforms
4. How can crowdfunding platforms adapt to the Thai society
5. What are the benefits of using crowdfunding platforms?
6. What are some marketing strategies for project owners?



## BIOGRAPHY

Name	Miss Pattra Kangwankit
Date of Birth	August 17, 1986
Educational Attainment	2017: Graduate
Work Position	Marketing Executive Her Highness Beauty
Publications	
APA style	
Work Experiences	2009-2010: Assistant Auditor PriceWaterhouseCoopers 2010-2012: Corporate Coordinator AAPICO Hitech 2012-2016: Assistant Manager GoldenLand PLC.