The Guide to Crowdfunding Marketing:
Build & Launch Pre-Order Campaigns That Move Fast, Raise Funds, & Impress Investors

WPROMOTE

Call it the pre-order paradox: how do you build a successful marketing campaign around a product that doesn't exist to an audience you haven't yet built?

Enter crowdfunding campaigns.

These campaigns are defined by "pre-selling" something that doesn't exist, whether that's a piece of software or a physical object. Pre-order campaigns can run at almost any point in the product roadmap: some hardware startups run them years in advance of having a product that is actually ready to ship, while some campaigns feature products that are on the cusp of completion.

Marketing is an essential part of a successful crowdfunding campaign. But this kind of marketing needs to work at lightning speed: pre-order campaigns are usually conducted in a limited window of time, often as short as thirty days. Building a preliminary audience, effectively allocating budget, and iterating rapidly across that period is a challenging proposition for both traditional marketers and inexperienced teams.

In this guide, we'll explore four key areas companies need to plan for as they embark on a pre-order campaign:

✓ **The Basics:** Evaluating Your Pre-Order Offering

✓ **The Advance Work:** Pre-Launch Preparation

✓ **The Launch:** Putting the Crowd in Crowdfunding

✓ **The Next Phase:** From Pre-Order to Growth & Innovation

PRE-ORDER MARKETING CAMPAIGNS NEED TO WORK AT LIGHTNING SPEED

Evaluating Your Pre-Order Offering

As noted above, crowdfunding campaigns (also known as pre-order campaigns) are defined by pre-selling an as-yet-unproduced product and accelerated pacing driven by limited time windows. They can be an important tool in a company's fundraising arsenal, particularly when it comes to technically complex hardware products.

But there are some sobering statistics out there: according to Statista, $17.2 billion is raised yearly through crowdfunding in North America alone, and last year crowdfunding saw an increase of 33.7%. That all sounds pretty good, right?

But here's the kicker: the average success rate of crowdfunding campaigns is only 22.4%, per research from The Crowdfunding Center.

So what separates a strong campaign from a weak one?

The Why: One Goal to Rule Them All

The most important preliminary step as you consider the right pre-order strategy for your business is figuring out what the primary goal of your campaign is.

Ask these questions to pinpoint the specific purpose of your crowdfunding campaign:

Are you trying to raise capital directly via crowdfunding?

Are you seeking to prove there's a market for a product you've conceived?

Are you positioning your business to raise another round of funding from investors?

Contrary to public perception, the most successful crowdfunding campaigns are often not focused on actual crowdfunding, i.e. raising enough capital to build the product. There's also less interest today in relying on crowdfunding campaigns for preliminary market validation.

That's partially because, as a result of high-profile failures, the standards for pre-order campaigns are substantially higher when it comes to getting press and generating excitement around crowdfunding. Often journalists will not consider covering pre-order campaigns if they cannot interact with a working prototype of the product.

"It's a story that's become routine: A crowdfunding campaign whips up a flurry of excitement, receives a deluge of funds, and then collapses with nothing to show for it. It's what happened to Central Standard Timing, which raised over $1 million for the "world's thinnest watch" before filing for bankruptcy in 2016." — Mark Harris, Wired

Those early-stage campaigns do exist and can be successful, but the businesses that generally see the most success from crowdfunding campaigns have already raised several rounds of venture capital funding and are using pre-order as part of their go-to-market strategy.

That does include an element of market validation, but it's a more mature approach than just generally "seeing if there's an audience." These companies are essentially seeking to confirm a hypothesis: founders already have a strong sense of who their audience will be (and have used that information to raise funding). Now they are putting it to the test to show investors there's a larger market.

For these companies, the visible characteristics of a strong crowdfunding campaign (generating excitement, press coverage, social media noise) are in service of one goal: raising more funding from VCs at a high valuation.

The How: Choose Your Own Adventure

Once you've established your primary goal, you can turn toward the actual mechanics of the campaign. The first big question: do you build your own platform for crowdfunding or rely on an established crowdfunding platform like Kickstarter or Indiegogo?

It's also important to consider your industry and the potential size of your audience: a high-end coffee maker is more likely to get attention and buzz vs. a waterproof back-

pack, for example. The lower potential for huge results for the latter might mean a platform is a smarter choice.

But more mature pre-order campaigns usually choose to build their own site to host the crowdfunding campaign because of the many restrictions imposed by platforms that can impede marketing potential. If you have the funding, building your own site is the course we generally recommend for the same reason.

CHOOSING YOUR PRE-ORDER PATH		
	PROS	**CONS**
ON YOUR OWN	• Not reliant on platforms • More control over product marketing • Flexibility around campaign duration	• Have to build site
WITH A PLATFORM	• Access to existing community of early adopters • Includes some marketing and development tools	• Give up a cut of the revenue • Severely limited customization: you get to fill in your page, but the platform controls the rest

The What: That Certain Special Something

We've looked at goals and logistics, but now we need to talk about what is at the heart of your pre-order campaign: your business. The product is an important (maybe the most important) component, but it's not the only one.

> There are some key qualities that indicate the likelihood of success or failure in crowdfunding:

Strong Team

Game-Changing or Buzzworthy Product

Broad Appeal

Current Funding

Working Prototype

Social Networks

Not all of these are necessary to success, but each provides a distinct advantage as you enter the pre-launch stage. All of these can be considered signals of trustworthiness or quality that make the product more attractive to journalists, influencers, customers, and, of course, investors.

Ethan R. Mollick conducted an analysis of 48,500 crowdfunding campaigns for The Wharton School of the University of Pennsylvania that proved the correlation between many of these factors and crowdfunding success.

"For entrepreneurs who seek crowdfunding, there are some clear lessons. First, project quality is important, and entrepreneurs should look for ways to signal [quality, legitimacy, and] preparedness… Most importantly, careful planning is required both to set these goals and to prepare for a crowdfunding success, which will entail a need to rapidly execute a promised venture."

— Ethan R. Mollick, The Wharton School of the University of Pennsylvania

The When: The Most Wonderful Time for a Launch

The timing of your launch is also part of your strategy. Many strong pre-order campaigns target the beginning of Q4 to take advantage of the holiday season, when conversion rates are higher and there are also opportunities for gifting.

That doesn't mean that's the only possible launch window; there might be specific seasonal considerations for your particular niche you need to take into account. But one time of year is almost universally avoided: January.

The first month of the year usually finds people recovering from a lot of holiday spending, and that generally means it's unlikely they're prepared to shell out additional money for an unreleased product. Most hardware companies do take part in CES in January, but not to launch new pre-order campaigns: you're more likely to see product demonstrations to garner PR post-pre-order or teases for new products coming out in the next year.

Once you've set your goals, chosen your crowdfunding method, evaluated your quality signals, and found the perfect date, it's time to roll your sleeves up and get ready for pre-launch.

Pre-Launch Preparation

The preparation ahead of launch is crucial to the success or failure of your pre-order campaign: in this stage, you need to get all of the elements in line that you'll need before the campaign is live and everything starts moving extremely fast.

There are five essential campaign components you need to have prepared before launch day:

✓ **Your list:** who is your audience?

✓ **Your website:** is your site built to convert?

✓ **Your product video:** does your product video tell the right story?

✓ **Your ad creative:** do you have enough options to be prepared for whatever happens at launch?

✓ **Your buzz:** is your pitch strong enough to appeal to journalists and influencers?

The Audience: The Unbelievable Importance of a Well-Built List

We posed a specific question at the top of this guide that features one of the toughest (and most important) nuts to crack when it comes to crowdfunding: how do you market to an audience you haven't identified?

This is one of the key areas traditional marketers struggle with when it comes to pre-order marketing because they're accustomed to having a lot more historical data at their fingertips to define an audience.

"Crowdfunding acts as a platform, matching innovators with those who need innovation, and thus is reshaping which ideas come to market." — Ethan R. Mollick, The Wharton School of the University of Pennsylvania

But during a pre-order campaign, you have to rely on a different variation of that marketing expertise to reach people who might be interested in your (not-yet-existing) product. And that means building a list.

Your list will do some heavy lifting in two key ways: first, it will form the backbone of your targeting once you've launched the campaign. Second, and just as important, the actual building of the list will actually function as a kind of pre-pre-marketing.

It's the ancient marketing art of FOMO: 64% of people in a PR Consultancy survey admitted to a fear of missing out, and 60% of millennials admitted to making a purchase decision based on FOMO.

That's why waitlists can be such an effective mechanism when it comes to pre-order campaigns. Teasing the launch of the pre-order campaign while using Facebook ads to collect emails and generate your list is key.

Kano: Leveraging Educational Content to Build Buzz

One famous example of successful crowdfunding is Kano, a PC-building kit that leveraged an accessible price point and a vision for the future to generate a massive pre-order campaign. Kano backed up their pre-order promises with real research and examples explaining how their kits could be used in educational environments. The press was immediately receptive, and Kano's original crowdfunding campaign resulted in over 20,000 preorders. The brand has continued to bring in more and more investment by building out a strong educational content ecosystem and developing specialized product add-ons and expansions for specific target audiences. Kano was able to organically build out a massive list while also investing in a library of content that will continue to pay dividends and attract new visitors post-launch.

Equally important is making sure you're not revealing too much about what you're working on: you don't want to undermine the excitement of the launch by giving everything away during the pre-launch phase.

But how do you build even that initial targeting on social? That's where we come back to that hypothesis we referred to earlier: founders of mature startups building pre-order campaigns already have strong opinions about who their product is for, especially hardware startups that have already invested in developing complex prototypes.

To test a hypothesis through social targeting, you need to:

1. Build a firm hypothesis around the target audience, informed by data (lists built from earlier products, demographics, networks) and qualitative experience (what we might call "founder expertise").

2. Run tests using some kind of proxy (i.e. an interest, affinity, or some shared attribute) to identify the highest value potential customers.

3. Establish methods to quickly qualify or disqualify audience members based on test behavior.

This preliminary work is especially important if you have less data upfront clarifying your hypothesis. Your marketing at this time is all about gathering more information about those groups and finding the right attributes and actions that make it more likely that each person will participate in the pre-order.

If you have a firmer understanding of your audience, this step is still important both for building that pre-pre-marketing buzz and to validate your hypothesis, while getting better informed and more granular in your understanding of the audience.

The Website: The Proxy for Your Product

Marketing a product that doesn't exist yet means you have a much higher burden of proof when it comes to information. After all, you're convincing people to buy something that isn't real at this point in time.

That's why your website needs to be perfect. The information there is standing in for the product itself, so it needs to accurately demonstrate the product, provide any technical specs, and go into detail about why it should matter to the audience you're building.

In other words: make it count.

But education around your product isn't the only thing your site is for: it's surprisingly easy to forget that your site needs to be optimized for conversion, not just information.

Make sure to go through this general checklist for a conversion-ready pre-order website:

✓ Optimized for mobile

✓ Clear, direct calls-to-action, including above the fold

✓ Simplified forms, potentially including prefilled amounts, to make the process as easy as possible for purchasers

✓ Evocative images of the product

✓ Detailed information about the product

✓ Non-intrusive opportunities to purchase, including an opt-in to the email list for future campaigns

✓ Strong headline and clear description of your product's primary value proposition

✓ Featured social proof (number of backers, responses on social media, quotes from influencers or press coverage)

✓ CTAs on all blog content (if you've built out a blog pre-launch)

Make sure that you are also encouraging social sharing when people pre-order: CTA buttons to share on social networks should be easily accessible on confirmation pages and in confirmation emails.

The other important thing to set up in advance of launch on your site are pixels and tracking. Remember: once you launch the actual pre-order campaign, everything is going to be moving very quickly.

In that kind of compressed timeline, analytics need to be flawless so you can make fast and accurate decisions in real time. You need to be able to see what people are doing on your website to adjust, iterate, and make changes, as well as build strong remarketing audiences for your social outreach.

FLAWLESS ANALYTICS ENABLE FAST AND ACCURATE DECISIONS

It's also worthwhile to keep building out your email list even when your campaign is live, so don't forget to add opt-ins for your list. Email is a great way to keep updating your customers during and after launch and can provide you with a starting audience for future campaigns.

The Video: If You've Got It, Flaunt It

Product videos are the closest a pre-order audience will get to being able to reach out and touch your product, so it's essential to invest in a powerful video.

Crafting a stellar video is usually expensive, so be prepared for that investment, but it's worth it. Crowdfunding campaigns featuring video raise 105% more than campaigns that don't, according to Fundly.

You need to tell the story of your product, built for your audience, and you're trying to do it in a short amount of time, ideally in 2 minutes or less. It's often difficult for passionate founders to distill their complex products into simple terms, but that's what your video needs to do.
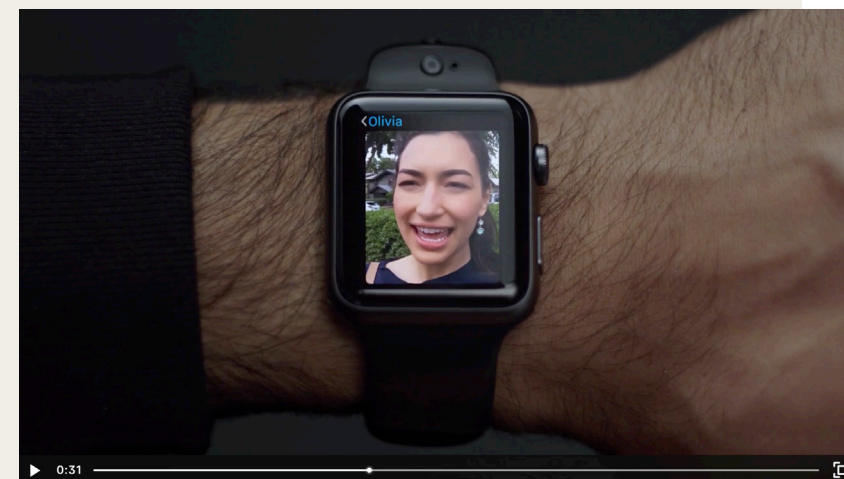
GLOWFORGE *The 3D Laser Printer*

JUNE *Make Food Better*

Toasts   Bakes   Roasts   Broils
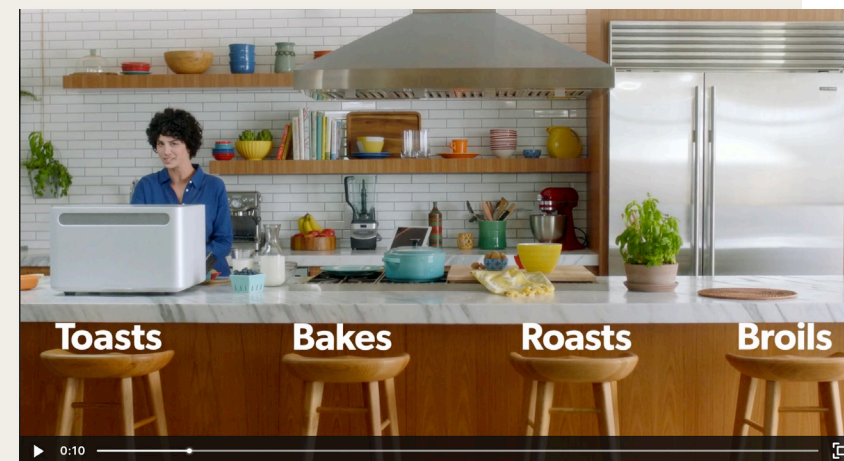
CMRA *This Is A Camera*

There are a couple of key questions you need to answer in your video:

Who are you showing in the video?
Founders, experts, regular people, and actors all might have a place in your product video, depending on the story you're telling.

What do you need to explain? Consider both your audience's needs, the technical aspects of your product that might need to be mentioned, and what expectations you should set about the pre-order process itself. Not all of these things might make it into the final cut, but you should keep them in mind as you're mapping out your story.

The key to your video is figuring out what makes your product special and finding the best way to show that on screen to potential customers.

What is your product's story and how will it appeal to your audience? Your product's story might be personal (built to solve a problem a founder has encountered personally), aspirational (a solution to a systemic challenge), niche (something hyper-specific to a community), or any number of different angles. Your video needs a clear storyline that engages your audience. When in doubt, keep it simple.

What does your product look like? Whether it's an app or a physical product, you need to consider how it's rendering on-screen. Any product demonstration needs to be high-quality and ideally feature the product itself.

Your Ad Creative: Be Prepared

Once again, the compressed period of time that defines your launch period means you need to do work in advance. In this case, that means building out a diverse, expansive set of creative assets upfront.

As you learn more about your audience and invest in video about your product, you also need to consider all of the different types of campaigns you might run during the launch period. You need a lot of assets to work with and test against, many more than you would need for a traditional campaign that is rolling out over a longer period of time.

Your video itself should be a great source for creative: that will likely include cuts of the primary video, the video in its entirety, b-roll for social ads that can be combined with other creative or images, and stills from the video. Video assets are some of the most important in your campaign, so you should plan to heavily leverage as much as you can from that expensive investment.

Your Buzz: Craft the Perfect Pitch to Build Awareness and Authority

Think of PR as the booster to the rocket of your marketing: maximizing your effort to garner coverage around your launch will make everything else you do make more of an impact.

As you prepare your pitch for relevant journalists and publications, you need to remember that journalists are generally wary of pre-order campaigns because of a number of high-profile failures that got a lot of press, then didn't deliver (or delivered a sub-par product).

"Find out the various markets I'm currently pitching to; the kinds of stories I need and let's see if there is a fit. I am appalled by how lazy PR people are and completely fed up with the BS they keep sending me. I need ideas, every single day. I do need pitches! But not random stuff."

— Caitlin Kelly, The New York Times

But if you evaluated your pre-order offering using the criteria featured in the first section of this guide, your product is ready to withstand the scrutiny. The plus side of that higher bar? Crowdfunding projects have gotten better: better for consumers, for the industry, and for the press.

So what makes your product PR-worthy?
- ✓ Quality of team
- ✓ Quality of product
- ✓ Availability of product (now PR firms often want a test unit so they can play with it before taking on a client)

Whether you work with an agency to reach out to journalists or do it in-house, there are a couple of key steps you should take:

1. Make sure you have targeted individual journalists and specific publications that are relevant to your product offering.

2. Develop a great story around your product. That might be similar to what's on your site, but can be shaped or angled for a specific niche or interest, depending on the journalist's beat or area of expertise.

3. Reach out early—it might sound obvious (since this is in the Pre-Launch section of this guide), but you should not wait until launch to reach out to media contacts around coverage.

4. Include product images and a product prototype if possible.

5. Keep them informed as you hit milestones post-launch.

Nowadays, traditional press outlets are obviously not the only way to generate buzz to boost your promotional efforts. Influencer marketing is part of many if not most successful pre-order campaigns.

Identify and reach out to influencers who would be intrigued by your product. You should be looking for thought leaders in your niche that your product might help, whether that's meeting a need they have or solving a problem for their audience.

Look for the right influencers who:

Are aligned with your target audience

Have real and authentic followings (an agency can help vet influencers and bypass those with inflated follower counts)

Are active on YouTube, Instagram, Pinterest, Twitter, or LinkedIn: the specific platforms should be informed by the particular vertical the influencer specializes in

Even though we often think of celebrities or Instagram personalities when we talk about influencers, smaller micro- and mid-tier influencers may provide you with higher engagement and more targeting than macro or celebrity personas.

It's important to start nurturing relationships with influencers by engaging on social media before reaching out to share the story of your product. Influencers spend a lot of time cultivating their audiences and developing trust, so their endorsements and mentions can be really powerful as 3rd party validation.

When it comes to the actual ask, you should not be asking an influencer to back your product directly. Instead, offer them a chance to try out your product to evaluate its value and share with their audience.

If you have the budget and/or will have prototypes, consider partnering with highly vetted influencers to promote the product on their channels authentically and generate interest in the crowdfunding campaign. Influencers can be incredibly effective in highlighting the product in-action, providing a review, and/or speak to key messages in a real, relatable way. They also provide important social proof, a key motivator for pre-order audiences.

And now, it's finally time for... the launch!

THE LAUNCH:

Putting the Crowd in Crowdfunding

You're here, and everything is locked and loaded. Now all that's left to do is start the engine and launch your campaign.

Normal marketing campaigns spend sparingly at the beginning; marketers want to run some tests and collect data before throwing more budget at a campaign. The opposite is true for a pre-order campaign.

The Data: Figure Out What's Working, Fast

We've talked a lot about the compressed timeline around crowdfunding. That might mean just 30 days from launch to close, while the average duration of a crowdfunding campaign is around 9 weeks. What that means is that you don't have time to hold back your budget to collect data.

In reality, you need to be building the plane as you're flying it, and that means taking a balanced approach to budget: you need to frontload spend right out of the gate to learn as much as you can, as quickly as you can, then plug what you're learning back into campaigns to increase efficiency.

A good goal to shoot for is getting to 1,000 pre-orders as soon as possible; that's when you unlock the ability to start seeding lookalike audiences on Facebook by piping those lists back into the platform.

Glowforge: Building a Tiered Targeting Strategy

We worked with Glowforge to launch one of the most effective pre-order campaigns of all time for a 3-D laser printer. Two major promotional channels were targeted: Facebook Advertising and Google Ads. On Facebook, we implemented a tiered Lookalike Audience targeting strategy to reach audiences similar to people who had already pre-ordered. Using lookalikes let us reach highly relevant audiences at scale. Our goal for Google Ads was to capitalize on the large number of people who were searching for Glowforge brand terms because of their recent press coverage and our social ads, as well as capturing people higher up in the conversion funnel who were looking for broader terms and related products who might be interested. The result?

$28M IN PRE-ORDER SALES

You need to balance having enough data with the speed with which you need to move. Remember: it's unlikely you'll be able to wait to have sufficient data to make perfect decisions; ideally you're working with a team or a partner or partners who have the necessary experience, expertise, and confidence to be able to make the necessary adjustments on the fly with minimal data.

The Outcome: Plan for the Good, Hope for the Best

One good thing about pre-order campaigns is that you'll know relatively quickly if they're taking off: sometimes in the first couple of days, definitely within the first week or two. Essentially, you head into launch with a plan for a successful launch (meaning you hit your sales volume and ROAS goals), but with a hopeful eye on the kind of viral success that sometimes sweeps a strong crowdfunding campaign into the larger public consciousness.

> Let's start with the middle path: how do you define a successful pre-order campaign a week out from launch?

Interest is stable

Performance is steadily improving over the course of the campaign

You're gathering enough data to make more optimizations

There are some things you can do to try and still push the needle when everything is going as planned, but in general, you need to stick to the plan. You can test scaling up and spending more or widening audience outreach, but you should realize that there is a natural limit on what can be done. Realistically, you are unlikely to change the trajectory in a major way after the first two weeks.

So what happens if your campaign blows up (in a positive way), like the Glowforge example? You'll surpass your initial goals quickly and see acquisition costs plummet. At the same time, your organic channels and branded search will blow up, fueled by heavy coverage by PR outlets and continually fed by social promotion.

When everything is going your way (multiplied by a thousand) in a pre-order campaign, you need to consider a change of strategy:

✓ Capitalize on the interest as much as possible, because your campaign will be super efficient right out of the gate

✓ Uncap the budget to follow demand, start spending, and take advantage of opportunities

✓ Reconsider how long you plan to run the campaign: for example, if the campaign was originally running for 30 days, think about extending it

Don't forget that you should keep interested PR contacts, involved influencers, and the community up-to-date as you hit milestones.

"[S]urveys of successful crowdfunders show that crowdfunding serves to validate demand and build communities... The community owning the project often comes to feel a sense of ownership for the projects that they support."

— Ethan R. Mollick, The Wharton School of the University of Pennsylvania

According to Fundly, updating contributors directly correlates to more donations: in fact, campaigns that update contributors raise 126% more on average than campaigns that don't. Keep your community engaged and active for the duration of the campaign.

The third potential outcome is obviously less exciting: what happens when the launch actually falls flat? The failure could be attributed to a variety of factors: maybe you didn't get much PR coverage, or people aren't converting for some reason, or your social ads are falling flat.

All you can do in this scenario is try and identify where the problem is:

Start tweaking and testing a lot of stuff to get it to satisfactory performance

Pull budgets way back until you see something that seems to be working

If that doesn't happen, you may have to turn the campaign off entirely while you revamp everything or keep it going for six months while you test everything

The real answer here is that the best defense against a failed launch is a good offense: yes, it's possible to offset a lack of momentum from press coverage or influencer engagement by funneling more spend to marketing. But if you've done the right prework, you are much more likely to succeed.

The truth is that no one element of this strategy is the key to success: success happens when all of the component parts are working together. One failure point can pull the whole thing down.

In fact, the true pre-order paradox might be that, in a crowdfunding campaign, there's no room for error, but there's absolutely no time for perfection. Walking that fine line is why experience and expertise make success much more likely.

So what happens after you've successfully launched, run, and achieved the goals of your crowdfunding campaign?

SUCCESS HAPPENS WHEN ALL OF THE COMPONENT PARTS WORK TOGETHER

THE NEXT PHASE:

From Pre-Order to Growth & Innovation

Huzzah!
You've done it! Now it's time to... pause?

Most companies enter a quiet period after a successful pre-order campaign that is focused on R&D. One very important thing to note during this development period: it is very rare that a company actually ships pre-ordered products on time.

Customers get this, but they need to be kept updated throughout the process:

✓ Update contributors and the community on timelines and new developments

✓ Build trust by being transparent and up-front about potential delays

✓ Treat contributors as partial owners: remember, this audience is made up of early adopters who are invested in your product

As you prepare to ship your product, it's time to resume your marketing efforts. Developing the right marketing strategy and a new set of goals is essential to lay the right groundwork for the next phase of your business.

Questions to consider when approaching what comes next for your startup:

How can we capitalize on the audience data accrued during the pre-order campaign?

Can we acquire customers at scale at a tolerable cost?

How can we build the right marketing engine to achieve our goals?

How do we demonstrate both growth and sustainability to VCs to pursue the next series of funding?

CONGRATS ON YOUR SUCCESS, AND WELCOME TO THE NEXT PHASE OF GROWTH AND INNOVATION.

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GROWTH & INNOVATION

We know what it takes to rapidly grow companies. Wpromote's Growth and Innovation Team was built to leverage our unique startup growth expertise and innovative omnichannel performance marketing expertise to help your business get to the next level as quickly as possible.

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