The use of crowdfunding as an alternative way to finance small businesses in France

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LIST OF ABBREVIATIONS

BA = Business Angels
CFP = crowdfunding platforms
Crowdfunders = backers: individual investors/donators
e.g.: exempli gratia = for example
€ = euro currency
EU = European Union
Financement Participatif = crowdfunding in French language
i.e.: Id Est. = that is to say
SME = Small and Medium-sized Enterprises
UK = United Kingdom
U.S = United States of America
VC = Venture Capital
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“Entrepreneurs are the engines that drive new companies and financing is the fuel that propels them”

ABSTRACT

The global financial crisis of 2008 has led to a sharp decline in granting loans to businesses by financial institutions in France while the financing stage for the creation or development of a small business or a start-up is the most important phase. In addition, it's important to know that the French economy landscape is built by more than 95% of small businesses. The recent advent of crowdfunding also called “finance participative” in French can be considered in one of the solutions by an entrepreneur regarding the lack of traditional sources of funding support.

The purpose of this dissertation is to provide a general definition of the new concept of crowdfunding and whether it is a solid and sustainable alternative of funding for French entrepreneurs. The other objective of this research is to contribute to the French literature on this subject because it is very limited today. Moreover, the results of this study can be used by both entrepreneurs and investors as a user guide, as the author gives several recommendations to start a business or invest via crowdfunding platforms.

To implement this study, data were collected from two types of sources: primary and secondary data. The primary data were obtained through four interviews with French people directly related to crowdfunding: two entrepreneurs, one investor and one market expert. The secondary data come from multiple reliable supports (books, academic journals, official reports). The literature review aims to give a comprehensive definition of crowdfunding, explain its main characteristics and show its level of development in France.

The results indicate that crowdfunding is still an option for French entrepreneurs and not a strong enough alternative and recognized means of financing. This way of financing is experiencing an exponential growth in France and in the rest of the world and according to expert forecasts crowdfunding will become a major player in funding industry in the coming years. Crowdfunding development in France is supported by the current government who has initiated a reform to make a more flexible regulation and increased the investment amount for small companies via crowdfunding. The results also show that a crowdfunding campaign is a full time job and creating a community around the project is essential to attract investment crowdfunding.

Keywords: crowdfunding, France, small businesses, financing, funding, entrepreneur, start-up, internet platform, SME, qualitative study, crowdsourcing, alternative economy
CHAPTER 1: INTRODUCTION

The funding phase is a key stage and as Bygrave (2003) explained, “entrepreneurs are the engines that drive new companies and financing is the fuel that propels them”.

Lam (2009) explained that there are several ways to raise funds for an entrepreneur who wants to create or develop a business; in fact, everything depends on the scale of the company and its level of development. Firstly, he can use informal sources of funding which come from him, his family or his friends, it is also called the “love money” (Riding, 2008). Then, if he needs more funds he can borrow from financial institutions which are formal sources, but as discussed earlier it is increasingly difficult in the economic context to use this technique in France. Moreover, it’s interesting to note that the founder provides 62% of the business financial need and the average amount needed to start a business is $65,000 according to the Global Entrepreneurship Monitor (2006).

According to that, as small businesses need capital from the first phase of creation, a very important question emerges: is there another way to raising fund in France without using an intermediary? It exists, and it’s called “crowdfunding”.

Crowdfunding is a recent phenomenon and a new way to finance a project or small business directly by a large group of individuals (the “crowd”) who provide small amounts instead of other external funding sources with large amounts (banks ,business angels, others investors). Specifically, there is no intermediary between funders and funded because the transaction takes place via Internet platforms (Belleflamme et al, 2011).

The concept of crowdfunding comes from the notion of crowdsourcing which is the use of creativity and expertise of a large number of people, subcontracted to perform some tasks traditionally performed by an employee in a company (Howe, 2006). It is also a new concept that emerged in the 2000's through the development of the Internet and Web 2.0. Moreover, thanks to the acceleration of the interconnection of people around the world via internet, the crowdfunding has emerged and is now developing with sustained growth.

Note that the global market represented $5.1 billion in 2013 with growth of 81% compared to 2012 and in France the market represented €78 million this same year according to the reference website Crowdsourcing.org (2013). But even if the phenomenon is growing, it is still relatively unknown to the general public and more particularly in France while there are already many platforms developed.
Unfamiliarity with this industry is more tangible as the French academic work is limited while there is a strong literature from the United States but also from Europe as the authors Belleflamme, Schwienbacher, Lambert and Larralde come from. However, there are large numbers of institutional or specialized websites in France and whose information are reliable and that enable a comprehensive understanding of the subject and give reliable statistics.

Hence a very important research question emerges:

- Is crowdfunding is a strong and sustainable alternative or an option for French entrepreneurs to finance their small businesses?

This research question raises subsequent questions that allow the author to develop the research objectives:

- Find an overall definition of crowdfunding, define its origin and discuss about theories provided by various authors and experts.
- Show all the characteristics of crowdfunding business models, campaign and platforms used to raise funds by French entrepreneurs.
- Give an overall statement of the crowdfunding market development in France and its contribution to the domestic economy.
- Explain the main traditional existing sources of funding which are dedicated to SME’s in France and their principal characteristics.
- Define the main benefits and disadvantages for a French entrepreneur to use crowdfunding instead of others existing sources of funding in France.

The literature review provides a partial answer to these research objectives and is composed only of data collected from secondary sources. They come from multiple supports such as academic journals, books, internet specialised blogs, institutional and organisational official websites.

To answer other main interrogations, the author provides a qualitative research with primary data which were obtained through four interviews with French people directly related to crowdfunding: entrepreneurs, investor and market expert.

Finally, the data collected during the interviews has been analysed which lead to a discussion and a final conclusion of this dissertation.
CHAPTER 2: LITERATURE REVIEW

The emergence of the concept of crowdfunding is very recent that’s why there are not a lot of academic journals especially in France. However, the purpose of this dissertation is to contribute to this lack of reference.

This literature review will define all the terms and concepts used in this dissertation through the support of existing secondary data as academic journals and official reports.

At first, the author chose to give an overall definition of crowdfunding through the various concepts which include: the “crowd”, the “funding” and the origin of this neologism: “the crowdsourcing”. Then, the researcher will give the official definition of start-up and small business used in economics in order to provide a review of the traditional sources of funding these small companies can access at the early stage, like business angels, venture capital and banks.

After, she will explain the general characteristics of crowdfunding by describing actors, the various business models, the process of a campaign and the functioning of platforms on the Internet.

Finally, the author will describe the current state of the crowdfunding market in France thanks to economic data.

2.1. Definition of Crowdfunding

The geography of the “crowd” on Internet

In order to finance the project of an individual entrepreneur who is using crowdfunding on Internet, it is necessary that people who are behind the transaction, are located on an Internet platform.

The crowd can be defined as a multitude of individuals gathered in one place and in this case, the place is Internet.

When the time comes to raising money to fund its project, an entrepreneur will first ask his family and his own friends to help him, this is what we called the “love money”. But today, with the fast development of the computer science and IT, especially the Internet, it is certain that the crowd is connected to the Web. O'Reilly (2007) defined the Web 2.0 as “a primarily collaborative web platform where individuals can share their resources” and thanks to that,
the crowdfunding can be developed. For Kleeman et al (2008) the Web 2.0 is a critical instrument that has facilitated the access of the “crowd”.

Moreover, Agrawal et al (2011) conducted a study on the geography of crowdfunding, that is to say, the dispersion of the location of the investors. This study showed that the crowdfunding overcomes the problem related to the distance between investors (the “crowd”) and the holders of projects via the Internet platform.

In addition, in the case of crowdfunding, it is clear that the development of social networks (Facebook, Twitter, blogs, etc.) have amplified the phenomenon, it is now easy thanks to these platforms to make the advertising of the project relayed by the followers as explained Moisseyev (2013).

Moreover Belleflamme et al (2011) emphasise the viral factor of social networks: “The objective is to collect money for investment; generally this is done by using social networks, in particular through the Internet”.

For Zhang (2012), the crowdfunding could not proliferate without the rapid development of social networks because they are tools that participate in the viral marketing of projects.

**Origins of crowdfunding**

*Crowdsourcing*

First, it is important to know that the concept of crowdfunding is closely linked to the concept of crowdsourcing. As Howe (2006) defines it in the high technology magazine Wired, crowdsourcing “represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call.”

However, Kleemann et al (2008) provide a more recent and clear definition of this concept by referring to companies that want to create adding value using consumers as volunteers. According to us, “crowdsourcing takes place when a profit oriented firm outsources specific tasks essential for the making or sale of its product to the general public ("the crowd") in the form of an open call over the internet”.

More specifically, there are now several platforms of crowdsourcing on the internet that are well known and are directly related to the definition of Kleemann et al (2008) in the sense that
companies are crowdsourcing especially for budget issues. As an example, “Google Maps” ask the web user to contribute by taking pictures of places around the world and post it via the “Google Maps” platform.

**Microcredit**

Crowdfunding also takes its inspiration from the micro-credit i.e. loans to entrepreneurs who are too poor to access funds to start their businesses. This concept was created during the seventies by Mohammed Yunus, Nobel Peace Prize in 2006, and who created the Grameen Bank for the most underprivileged people in Bangladesh (Yunus, 2007). After this consecration, the social finance became renowned for the general public.

**Definition of crowdfunding**

In Europe, especially in Belgium, there is a university team who has been working to define the concept of crowdfunding between 2010 and 2011. This team includes Belleflamme, Schwienbacher, Lambert and Larralde who explained scientifically the business model of crowdfunding thanks to a survey on a sample of 88 crowdfunding ventures. Thanks to their work, it is now possible to define what crowdfunding is and its main characteristics.

Lambert and Schwienbacher (2010) began by extending the definition of crowdsourcing developed by Howe (2008), for them crowdfunding is “*an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes*”. Also, in their discussion paper, they define investors or contributors as “Crowdfunders”.

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1 Source: https://maps.google.com/
Moreover, Belleflamme (2011) explains that “the basic idea of crowdfunding is to raise external finance from a large audience (the “crowd”), where each individual provides a very small amount, instead of soliciting a small group of sophisticated investors” as the Figure 1 shows. In this definition, the “sophisticated investors” make reference to traditional sources of financing which are banks, business angels or venture capitalists.

Finally, Kappel (2008) defines the new phenomenon as “the act of informally generating and distributing funds, usually online, by groups of people for specific social, personal, entertainment or other purposes”.

As shown Figure 2 below and as explained Howe (2008), the power of crowdfunding is the disintermediation and it depends on three elements which are the crowd, the funding and the Web 2.0.

Figure 2: Crowdfunding network. Source: the author

2.2 Traditional external sources of funding for small businesses

Definition of small businesses and start-ups in this context

The subject of this dissertation is entitled “The use of crowdfunding as an alternative way to finance small businesses in France” where the author emphasizes her research on small businesses. But crowdfunding is used for all types of projects and business’s scale. Generally, the platforms are thematic: cultural projects, social projects, environmental projects, innovative projects, digital projects, etc...

That is why it is difficult to give a general definition of small businesses here in fact the author includes both small businesses who want to start their growth in the long-term but also young start-up seeking capital for their first launch phase.
Under current EU legislation, a small business is defined as “an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed €10 million” (European Commission, 2005).

The start-up is the first phase in the business creation i.e. the stage where entrepreneurs are looking for a funding capital to develop and launch a product and/or service in the short term. This is often a phase of market testing in relation to consumer demand and that is why it needs additional funds for the company to be sustainable in the long term (Investopedia, 2014).

According to Leach and Melicher (2009) the life cycle of a business is defined as shown in Figure 3 below and crowdfunding is a tool that is used primarily in the early phase i.e. the phase of funding which is between -0.5 et +0.5 year.

![Business life cycle stages of a successful venture. Source: Leach and Milecher (2009)](image)

**The problem of the “equity gap”**

There is in France, as in many other countries, a problem related to the high demand for funding in front of a low supply (Lam, 2009), it is called the “funding gap” or “equity gap”. In fact, it is a real problem that businesses are facing: this funding gap occurs after the first time of creation, where several thousand Euros gathered at start are not enough to ensure the launch of the company and where it has not yet entered the phase of long-term financing.
According to Table 1, the “equity gap” ranges from the phase where the start-up receives funding from his family and friends (“Love Money”) and the phase where professional investors may propose other types of financing.

More specifically, entrepreneurs who are in a “seed stage” are in a risky period of seeking funding between €100,000 and €1 million.

This is the most difficult period because investors can help but on a highest level. It’s commonly called the “valley of death” and the question is whether crowdfunding could fill this funding gap.

**Traditional sources of funding**

The capital is the necessary accelerator of business growth: key of their development, it allows them to grow and reach a critical size.

Riding (2008) wrote a study about “love money” and business angels and concluded that the most important source of funding for a small business are informal sources that represent funds donated by friends, family, the entrepreneur himself and business angels. Formal sources are financial institutions such as banks or venture capital that are less requested by young companies because the risk is too high.

According to Schwienbacher et al (2010) who studied the financing of entrepreneurial ventures, there are two major ways to finance its project in France or elsewhere: by debt or by equity. The debt financing is often synonymous of banks loans i.e. the borrower signs a contract with the financial institution that lends him a credit. Equity financing is different; the investor can enter in the capital of the company to whose he gives capital investment.
Lam (2009) defines several important things on external sources of financing. First, he explained that from all external funding, the loan from a bank is the hardest to get. Then, from his point of view, business angels are not as easy to contact as banks or venture capitalists, and in addition, they provide smaller amounts. He also explained that firstly, the entrepreneur often used informal sources of funding which come from him, his family or his friends, it is also called the “love money”.

**Bootstrapping**

Bootstrapping is a situation where the entrepreneur found its company with its personal finance; it’s an informal source of funding. Lams (2009) define it by “the use of methods for meeting the need for resources without relying on long-term external finance from debt holders and/or new owners”. Also, he explained that the entrepreneur who wants to help in part by the bootstrapping represents 95% of the funding case.

Moreover, Schwienbacher and Larralde (2010) explained that the bootstrapping can be used with the crowdfunding technique for the creation of a business.

**Love Money**

The first source of financing for young companies is often with their families, friends and loved ones: this is called “love money”. At the beginning of an entrepreneurial adventure, guarantees that can provide investors are limited: using external funds is not easy. The financial contribution of his entourage, based on confidence is then more appropriate at this stage. As the bootstrapping, the “love money” can be used with crowdfunding; in fact it’s very complementary.

**Business Angels**

Angel’s investors provide financial backing for small start-ups or entrepreneurs at the early stage of the business creation. They can also bring, experience, operational support and a network of relations. They are usually organized into networks by sector or areas.

Lam (2009) emphasizes that angel investors are less visible i.e. difficult to find, moreover, they provide smaller amounts than formal investors.

According to the report published by the European Commission (2012), France is in the first rank in Europe in terms of number of business angels (4,000) and network (81) and with a total investment of €40 million in 2012 for 352 new companies. The average investment by
business angel is around €16,000 which is not very much because investors are involved in an average of 14 start-ups at the same time.

**Venture capital**

Venture capital is sought to finance high-growth and innovative companies. The activity of venture capitalist is exercised by specialized management companies that use investment fund resources dedicated to this category of companies.

The French venture capital investment market has taken off in the 2000s and is now the second European market for VC, behind the UK, having grown at a rate of 10-20% per annum between 1999 and 2010 (European Commission, 2012).

In 2012, the amounts invested in venture capital have yet experienced a decline of 26%, amounting to € 443 million against € 597 million in 2011 (European Commission, 2012).

**Banks loans**

With the outbreak of the crisis, the conditions for bank loans prove to be too stringent for small business to benefit fully. Confronted with strict regulatory constraints, banking actors reduce their exposure to markets and are cautious. However, Lam (2009) explained that the financing by the bank is the largest contributor among all types of funding.

SMEs represent a quarter of the total of business loans from French banks to companies but not all of them have a similar access to loans. In particular, start-ups and innovative companies have difficulties in acceding to business bank loans as they have little or no credit history and sometimes require a relatively large initial sum to launch a product (European Commission, 2012).

The Table 2 below developed by Schwienbacher and Larralde (2010) summarizes all the traditional sources of funding for a start-up looking for funds:

<table>
<thead>
<tr>
<th>Investor</th>
<th>Comments</th>
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<tbody>
<tr>
<td><strong>Equity</strong></td>
<td></td>
</tr>
<tr>
<td><em>Entrepreneur</em></td>
<td>The entrepreneur invests its own money in the company by bootstrapping</td>
</tr>
<tr>
<td><em>&quot;Love Money&quot;</em></td>
<td>Money from entrepreneur's friends and family</td>
</tr>
<tr>
<td><em>Business Angels</em></td>
<td>Wealthy individuals willing to invest in small projects</td>
</tr>
<tr>
<td><em>Venture capitalists</em></td>
<td>Specialized investors invest for a period of 5-7 years</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td></td>
</tr>
<tr>
<td><em>Bank loans</em></td>
<td>Loans provided by financial institutions</td>
</tr>
</tbody>
</table>

Table 2: Types of entrepreneurial financial investors by debt and equity claim. Source: Schwienbacher (2010)
2.3 General characteristics of crowdfunding

The main objective of crowdfunding according to Belleflamme et al (2011) is: “to collect money for investment; generally this is done by using social networks, in particular through the Internet”.

For Belleflamme et al (2011) the three well known characteristics of crowdfunding are:

- Many of crowdfunding initiatives are based on pre-ordering of a product, which has not yet entered the market in its complete form.
- Usually Crowdfunders are willing to pay more for the product than customers who buy it when it is finally produced.
- The Crowdfunders must voluntarily decide to enter the community of privileged consumers.

Global Evolution of the Phenomenon

As illustrated in Figure 4 below, the global evolution of crowdfunding amounts since 2009 has grown at an astonishing pace. While in 2009, the global volume was approximately $530 million, it reached $5 billion in 2013 (Massolution, 2013).

![Global crowdfunding volume](image)

Figure 4: Global crowdfunding volume (2009 to 2013). Source: Massolution (2013)

Meanwhile, the number of platforms has also exploded in 6 years (see Figure 5) from 96 platforms in 2007 to 536 platforms in the world in 2012 (Massolution, 2012).
While it is a relatively new phenomenon, it turns out that according to the figures presented above, crowdfunding is taking root as a viable and sustainable method of funding for years to come. Although, according to the magazine Forbes, the potential amount of funds raised through crowdfunding could reach $1 trillion in 2020 (Forbes, 2012).

**Crowdfunding business models**

The Figure 6 helps to understand the horizontal business model of crowdfunding:

![Crowdfunding Business Model](image)

The Crowdfunding is a horizontal schema-based funding model or “peer to peer” model, often disintermediated (or slightly), which saves cost for the project creator and the crowdfunder. As explained Ricordeau (2013) “The platforms have helped to new social relations that rely more on horizontal link rather than vertical links”. The notion of verticality refers directly to the operation process of traditional sources of funding where the one who gives money is always above the person who receives it, such as a financial pyramid scheme.
Although there are several experiments set up by the different platforms so it’s currently difficult to develop a general typology of business models but Hemer (2011) identified two predominant models:

- The “threshold pledge model” or “all-or-nothing model” is the dominant platform model. The project creator agrees with the platform to implement a limited period to receive donations (weeks or months). From the deadline either target funds is acquired or it lacks funds. In the latter case, the platform must repay all donors and the entrepreneur will not receive anything.
- The principle of “all for all”: the project has reached the goal or not, the platforms pay the donations collected.

**Main actors**

First, there are three main actors in crowdfunding: crowdfunders in one hand, the project creator seeking funds on the other hand and finally the crowdfunding platform on the internet that allows a meeting without any (or little) intermediary.

**Crowdfunders**

As explained earlier, crowdfunders or “backers” come from the crowd of individuals (Lambert and Schwienbacher, 2010) and provide very small amounts via the Internet as donators or investors.

Crowdfunders can come from the closest circle of the project creator as family and friends, but they can also be anonymous and very distant geographically through the Internet as explained Agrawal et al (2011). In addition, crowdfunders expect compensation that will be developed later in the literature review.

In the study of Schwienbacher and Larralde (2010), they describe some of the main motivations for a crowdfunder which are:

- Enjoying participating in a project creation as an “exciting adventure”
- Interested by the challenge and the experience
- A good way to extend their network
- The concept of investing in a company to make a later profit
Kleemann (2008) also explained that crowdfunders have either intrinsic motivations related to the pleasure of participating in a project or extrinsic motivation as a reward like products.

Finally, in his research Ter Kuile (2011) described other motivations on the side of crowdfunders:

- Altruistic motivation that brings pleasure to the investor
- Importance of the location: the crowdfunder likes projects located not far from him

**Types of entrepreneurs**

Project creators or entrepreneurs present their ideas on the platforms in order to collect the money provided by individuals directly without going through traditional financing.

According to Hemer (2011) here are the several types of project creators:

- Independent: any individual starting in business.
- Integrated: the project creator is related to a private firm, NGO or institution.
- Start-up: the individual started as a freelancer, but with the goal of integrating an organization (firm, association, authority, foundation etc.).

**Crowdfunding platforms models**

Platforms or more commonly known as “CF platforms” are an intermediary between projects creators and crowdfunders. They are located on Internet referred as specialized websites and are different depending on the types of projects.

Several charges will be added for all banking transactions secured and mediating role between the project and crowdfunders. Both intermediary commission fees and transaction costs represent a percentage of the total amount will be taken from each fundraiser. They represent about 3% to 10% of the total amount of the fundraising.

It is important to note that platforms managers select projects before it is launched and the selection is made based on the originality of the idea and its feasibility, but not for the profit that the campaign will generate (Niznik-Klocek, 2012). Moreover, the managers of platforms select projects on the basis of different criteria: the quality of the project and its creator, the nature of the project (environmental, social, solidarity, cultural, technological), the project leader (individual, association, business) and the location.
**Projects business models**

According to Van Wingerden and Ryan (2011) and Hemer (2011), the concept can be applied to a wide range of areas such as solidarity, creative, cultural or innovative projects.

In fact crowdfunding platforms models could be classified into four forms of compensation based on the offer to the crowdfunders.

In this regard, as shown in Figure 7, the complexity of the financing process is exponential, that is to say the simplest form is the donation and most complex is the equity financing (Hemer, 2011).

![Diagram of major forms of capital provision ranked by process complexity](image)

**Figure 7**: Major forms of capital provision ranked by process complexity. Source Hemer et al (2011)

**“Donation-based”**

A person or a company gives a sum of money without expecting anything in return, it’s a donation. There are specialized platforms in the field of charitable action in France as the platform Cowfunding\(^2\) or Easycoz\(^3\) offering support for community and social projects.

**“Reward-based”**

A crowdfunder gives a sum of money in exchange of a reward. On one side, he can use the “pre-ordering” that is to say, people who give money to produce the product. On the other side the “compensation” is another form of reward linked to the amount given to attract the contributor. In France there are the platform Ulule\(^4\) but also KissKissBankBank\(^5\) which has a large number of projects based on the reward model.

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\(^3\) Source: [http://www.easycoz.com/](http://www.easycoz.com/)

“Lending based or Peer-to-Peer lending”
For a loan project, individuals borrow from crowdfunders who believe in them and are committed to repay, with or without interest. In France the platform Hellomerci\(^6\) allows individuals to borrow for a project and then pay crowdfunders back.

“Equity-based”
The “crowd-equity” (a company stake) allows an individual to enter in the capital of a company. In France the platform MyMajorCompany\(^7\) is specialized in creative projects (music, movies) and the platform Wiseed\(^8\) is specialized in investing in innovative start-ups.

Start-ups and SMEs can raise funds through these websites. In return, investors shall become shareholders in the company.

The concepts of biotechnology, energy or health projects please the most in crowdf' equity.

Crowdfunding Pros and Cons
Each method of financing has its advantages and disadvantages: research, amount raised, consideration, interest rates etc.

In his book “The crowdfunding bible” (2012), the author Steinberg explains some of the advantages and disadvantages that can bring this new tool.

Advantages

- Full control of the fundraising campaign: amount, period, marketing, counterparties, etc.
- Testing in direct, product or service, to potential customers
- It is possible to raise more funds than the intended target
- Ability to pre-sell the product or service
- The backers become a community that can relay information via social networks

Disadvantages

- A campaign can be stressful, because until the last moment, there is always a possibility of failure

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\(^5\) Source : http://www.kisskissbankbank.com/
\(^6\) Source : www.hellomerci.com
\(^7\) Source : http://www.mymajorcompany.com/
\(^8\) Source : https://www.wiseed.com/en
- It takes a big preparation especially on the marketing plan
- It takes time to invest heavily in a campaign
- There is an increasing competition between projects
- The crowdfunders may have desires and interests, it is important to meet their needs

**How to make a successful campaign?**

Steinberg (2012) also delivers fundamental tips for a successful crowdfunding campaign and here are the main ones:

- A clear understanding of the product or service
- An introduction pitch that attracts people
- A solid schedule
- The counterparties at the level of donations
- A strong marketing plan with social networks
- A highly structured project presentation: video, photos, logo etc.
- A realistic funding goal

However, a question arises in relation to success factors and results for projects creators using crowdfunding. Mollick E. (2013) provides some answers to these questions through the analysis of 47,000 projects which have achieved $198 million of amount of funding on the U.S. Kickstarter\(^9\) platform.

The key results of the analysis are as follows:

- Personal networks and quality of project influence the chances of success of crowdfunding campaign.
- Geography plays a role in the success of campaigns; projects launched in cities with a big creative community are more often successful.
- 75% of projects deliver the products later than expected; the delay would depend on the amount raised.

**Intellectual property risk and fraud**

As the crowdfunding market is exploding some authors now raise the question of the risk of fraud and theft of the idea. Indeed, for a campaign, the entrepreneur must develop its full idea

\(^9\) Source: https://www.kickstarter.com/
for the creation of a product or service and in full view of everybody on Internet; it might be easy to steal his idea. In addition to this, as crowdfunding is still largely regulated, it can be a good tool for fraud (Hemer, 2011).

For example, as quoted the Wall Street Journal (WSJ, 2013), the American crowdfunding platform Kickstarter proposed a fake scandal project almost be funded at $120,000 and was narrowly evicted. The phenomenon of fraudulent campaigns tends to increase in recent times as the website’s popularity increases. But upon 102,527 proposed campaigns, the number of scams remains anecdotal.

Mollick E. (2013) describes in his study that the rate of fraud in crowdfunding is still very low. However, according to him this low rate is the result of several factors: “threshold funding, active participation by wide communities, frequent interaction between founders and potential funders and rich descriptions and biographic information”.

2.4 The crowdfunding landscape in France

As explained earlier, there is no or few French academic works on crowdfunding and in this section the author used different types of secondary data as specialized websites, market reports and governmental publications to state the crowdfunding landscape in France.

Current crowdfunding market in France

On the community website Thecrowdcafe.com10 the French blogger Vayleux J.B. (2013) presents the landscape of crowdfunding in France. He explained that the country is ready to welcome this new concept thanks to its many positive economic factors.

First, as explained in the introduction, the French economic landscape consists mostly of SME’s which means that the country is very attractive for entrepreneur’s (INSEE, 2012). Moreover, the website Entrepreneur.com11 ranks France as the 11th in global position on the “Top 20 entrepreneurial hot spots around the globe” and the report also explaining that in France, entrepreneurs are more educated than Silicon Valley as 97% have at least a master degree (Entrepreneur. com, 2013).

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10 Source : http://www.thecrowdcafe.com/
11 Source : http://www.entrepreneur.com/
In late 2013, France created an association called “Financement Participatif France” (equivalent to “crowdfunding in France” in French language) which was created in partnership with the Ministry of Finance and includes all the major players of crowdfunding in France: 36 managers of platforms, French industry experts and policy makers. This organization produced a barometer of crowdfunding in France for the year 2013 and it appears that the French market represents €78.3 million when it accounted €7.9 million in 2011 an increase of over 800% in 2 years.

Moreover, the barometer shows that from the total funds collected, the largest investments concerned the category of small business financing (44%) followed by charities projects (21%) and finally publishing and journalism (7%). In addition, funds raised by specialised platform shows that from a total of €78.3 million, €48 million are loans, €20 million are donations and €10 million are capital/equity. Finally, 32,317 projects have been funded by 328,809 contributors in 2013 in France.

According to these official figures, France is a very dynamic market for crowdfunding and this is due to several factors, as explained Larralde B. in the leader community website Crowdsourcing.org (2011). In fact, according to Massolution’s report (Massolution, 2012) France ranks 4th in the world in terms of number of platforms (27 in 2012), behind the U.S., UK and Netherlands which is very promising.

As the Figure 8 shows, the trend of the research “crowdfunding” in France on Google has only intensified since 2011 to reach its peak in February 2014, period where the French government has decided to make the regularization of crowdfunding more flexible.

![Figure 8: Google trends statistics of “crowdfunding”. Source: Google Trends](https://via.placeholder.com/150)

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12 Source: http://financeparticipative.org/
13 Source: http://www.crowdsourcing.org/
French CF platforms landscape

According to the 2013 official barometer of crowdfunding in France (Association Financement Participatif France, 2013), there are about 36 official platforms in France and the main ones are:

<table>
<thead>
<tr>
<th>CF Name</th>
<th>Date of creation</th>
<th>Business model</th>
<th>Success rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANAXAGO</td>
<td>2012</td>
<td>equity based</td>
<td>50%</td>
</tr>
<tr>
<td>HAPPY CAPITAL</td>
<td>2013</td>
<td>equity based</td>
<td>60%</td>
</tr>
<tr>
<td>PARTICEEP</td>
<td>2013</td>
<td>equity based</td>
<td>65%</td>
</tr>
<tr>
<td>SMARTANGELS</td>
<td>2012</td>
<td>equity based</td>
<td>90%</td>
</tr>
<tr>
<td>WISEED</td>
<td>2008</td>
<td>equity based</td>
<td>78%</td>
</tr>
<tr>
<td>BULB IN TOWN</td>
<td>2013</td>
<td>reward-based</td>
<td>54%</td>
</tr>
<tr>
<td>KISS KISS BANK</td>
<td>2009</td>
<td>reward-based</td>
<td>56%</td>
</tr>
<tr>
<td>MY MAJOR COMPANY</td>
<td>2007</td>
<td>reward-based</td>
<td>66%</td>
</tr>
<tr>
<td>ULULE</td>
<td>2010</td>
<td>reward-based</td>
<td>66%</td>
</tr>
<tr>
<td>BABYLOAN</td>
<td>2008</td>
<td>peer to peer lending</td>
<td>100%</td>
</tr>
<tr>
<td>HELLO MERCI</td>
<td>2013</td>
<td>peer to peer lending</td>
<td>100%</td>
</tr>
</tbody>
</table>

Figure 9: Main crowdfunding platforms in France (2013)

Legal Issues

In addition, the new French laws regarding crowdfunding in France suggests that the government wants to develop this new way of funding in order to boost the country's competitiveness and employment. Thus, the Minister responsible for SMEs' Fleur Pellerin decided to make regulation more flexible for this type of financing but also organize it (Ministry of productive recovery, 2013\(^{14}\)). This initiative follows the JOBS ACT where U.S. President Barrack Obama has implement crowdfunding in 2011 to boost job creation through entrepreneurship (Jumpstart Our Business Start-ups, 2011).

Minister Fleur Pellerin, delegate to SME’s, innovation and digital economy, and Pierre Moscovici, Minister of Finance, presented February 14\(^{th}\), 2014 a reform of the crowdfunding where the theme was: “Making France the pioneer of crowdfunding”.

This reform redefines the new French legal framework of crowdfunding, for example, the investor has the opportunity to invest in a SAS (i.e. simplified joint stock company)as a

\(^{14}\) Source: http://www.redressement-productif.gouv.fr/
participation and present it to the Autorité des Marché Financiers\textsuperscript{15} (i.e. French financial regulator) a simplified document of a few pages for each raising project up to €1 million.

Concerning the “peer to peer” (P2P) lending, it also becomes possible for individuals (start-up and small and medium enterprises) to invest up to €1 million.

The user will be allowed to lend a maximum of €1,000 into a company capital in order to diversify the risk of investment.

Regarding donations, the amount stays free and the regulation of payment institutions is simplified.

Now French specialized platforms in crowdfunding or crowd’ equity has a new label (see picture beside) certifying that the platform is regulated by the French authorities and has transparency criteria.

\textsuperscript{15} Source: http://www.amf-france.org/en_US/?langSwitch=true
CHAPTER 3: RESEARCH METHODS AND METHODOLOGY

3.1 Introduction

In order to provide a dissertation it is crucial to follow a research methodology in order to answer research question and objectives. In addition, follow the methodology helps to organize time for research, collection and analysis of data.

In this part, the book *Research methods for business students* co-authored by Saunders, Lewis and Thornhill (2009) helped the researcher because it is a reference in the field of research methodology for MBA students.

More specifically the author follows the process shown schematically by the “Research Onion” by Saunders et al (2009) (see Figure 10 below). This figure shows the process to follow from defining the research philosophy, the research approach, the research strategy and the research choices. Then, the researcher will set time-horizon; the methods used for the collection of data and finally define the samples.

![Figure 10: Onion research. Source: Saunders et al (2009)](image)

The purpose of this dissertation is first to provide a comprehensive understanding of the crowdfunding, then define its current development in France, and finally define if it’s a strong alternative of funding for entrepreneurs seeking capital.
Through the dissertation the author will define every choice regarding the main research question:

- Is crowdfunding a strong and sustainable alternative or an option for French entrepreneurs to finance their small businesses?

### 3.2 Research Objectives

The research question raises subsequent questions that allow the author to develop the research objectives:

- Find an overall definition of crowdfunding, define its origin and discuss about theories provided by various authors and experts.
- Show all the characteristics of crowdfunding business models, campaign and platforms used to raise funds by French entrepreneurs.
- Give an overall statement of the crowdfunding market development in France and its contribution to the domestic economy.
- Explain the main traditional existing sources of funding which are dedicated to SME’s in France and their principal characteristics.
- Define the main benefits and disadvantages for a French entrepreneur to use crowdfunding instead of others existing sources of funding in France.

These questions and objectives allow the author to establish the questions for the in-depth interviews and help the author to build the plan of this dissertation in order to answer the research question.

### 3.3 Research Philosophy

According to Saunders et al (2009) there are three main research philosophies that is to say, the way the researcher sees the world:

- The “positivist philosophy”: positivists believe that the only valid data are quantitative data. A positive research is based on statistics and a structured methodology as a scientific approach.
- The “realist philosophy”: this philosophy is a mix between the interpretivism and the positivism philosophy. It’s based on real facts but also on feelings.
The “interpretivist philosophy”: it’s based on human differences as social actors and valid data are qualitative.

On one hand the concept of this dissertation is based on scientific theories, models of finance (the funding) which is part of economic science with quantitative data. It’s closed to the positivist philosophy as it is a scientific approach. On the other hand, crowdfunding also refers to a group of people who wish to contribute to the funding of projects. This is approaching the interpretivist philosophy because people have subjective opinions.

The researcher chose to apply the interpretivist philosophy research because it allows her to understand the subjective point of view of individuals in relation to the new phenomenon of crowdfunding i.e., studying their point of views.

3.4 Research Approach

According to Saunders et al (2009) there are two main types of research approach:

- The deductive approach: it’s a scientific approach which is linked to the positivist philosophy. It’s an approach of testing theories via scientific hypothesis as a “top-down analysis”.
- The inductive approach: it’s the opposite of deductive approach i.e. a “bottom up” analysis. It works from observations (data) in order to build a theory.

For this dissertation the author chose an inductive approach, i.e. building a new theory with the qualitative data collected.

Indeed, as the author chose to focus the study in France and the French literature on this subject is quite limited the researcher needs to collect data to answer the research question but also to build a new theory. It corresponds to an inductive approach that the author chose.

3.5 Research Strategy

The research strategy is based on approach the author employed to answer her questions and according to Saunders et al (2009) there are several research strategies that can be employed: case study, survey, experiment, exploratory, descriptive and explanatory studies, action research, grounded theory, ethnography and archival research.
Then the purpose of this research is a study in the field of crowdfunding and the author wants to understand a new concept which should be based on the search of the literature and interviewing experts in the subject (Saunders et al, 2009).

**Exploratory study**

Consequently, the researcher decided to conduct an exploratory study in order to find out “what is happening; to seek new insights; to ask questions and to assess phenomena in a new light” according to Robson (2002) cited by Saunders et al (2009).

The exploratory study is primarily used to understand and know the motivations of the actors studied, but also the psychological mechanisms of their behaviour.

To carry out an exploratory study there are three ways of conducting it; a search of the literature, interviewing “experts” about the subject or conducting focus group interviews in accordance with Saunders et al (2009).

To meet the research objectives, the researcher helped herself with secondary data she found by building her literature review. With these data, she can explain the concept of crowdfunding and its main characteristics. Regarding the motivations and factors that lead entrepreneurs to use this type of financing, the researcher decided to interview actors that are directly related to crowdfunding in France. She did in-depth interviews with industry main actors.

**3.6 Research Choice**

The research choice refers to the method used for the technique of collection and analysis data (see Figure 11).

![Figure 11: Research choice: Mono Method. Saunders et al (2009)](image_url)
**Mono method**

In the methodological context of the dissertation, the author chose to use the mono-method which means that the author use only one technique of collection and analysis of data from both primary and secondary research.

**Mono-method qualitative study**

More specifically, the researcher used the mono-method qualitative study which “is used predominantly as a synonym for any data collection technique (such as an interview) or data analysis procedure (such as categorising data) that generates or use non-numerical data”. Saunders et al (2009). She chose this type study in order to try to build a theory as the inductive approach recommended.

The researcher used it because she thinks it is the best way to answer questions on the subject that’s why she conducted this study by interviewing four people who are directly linked to the crowdfunding in France.

At the end, the data have been analysed in non-digital way (qualitative study).

**3.7 Time horizon**

**Cross sectional studies**

The research is a cross-sectional study i.e. it’s a “study of a particular phenomenon at a particular time” according to Saunders et al (2009).

The cross-sectional research design offers the possibility of obtaining descriptive information that helps to build theories about research while designing longitudinal research offers the opportunity to study the development and change over time.

In fact, in order to complete the dissertation, it is necessary that the researcher be organized and punctual because as she was a student at the time she wrote the study, she has a limited time to do the research, the data collection and the analysis.

**3.8 Data Collection**

To conduct the study, the author used different qualitative and quantitative secondary data which are credible and reliable.
The collection of data comes from both primary and secondary sources. Indeed, as explained earlier, the author didn’t find enough evidence related to crowdfunding in France during the research that’s why the author decided to collect information through interviews which are a primary source.

Moreover, it is important to note that the data the author collected as a primary research and secondary research are sometimes in French because the author decided to focus the dissertation on the development of crowdfunding in France. The author tried to be as conscientious as possible in the translation in order to not change the meaning of sentences.

**Secondary Data Collection**

According to Saunders *et al.* (2009) the secondary data can be classified into three categories: documentary, multiple source and surveys. Using these resources, the author can answer the research objectives which are:

- Find an overall definition of crowdfunding, define its origin and discuss about theories provided by various authors and experts.
- Show all the characteristics of crowdfunding business models, campaign and platforms used to raise funds by French entrepreneurs.
- Give an overall statement of the crowdfunding market development in France and its contribution to the domestic economy.
- Explain the main traditional existing sources of funding which are dedicated to SME’s in France and their principal characteristics.
- Define the main benefits and disadvantages for a French entrepreneur to use crowdfunding instead of others existing sources of funding in France.

Here is an overview of sources’ types the author employed:

**Documentary:**

- Written materials:
  - Books
  - Organisations official websites
  - French crowdfunding platforms
  - Journals
  - Newspapers articles
• Interview transcripts

Multiple sources:

  o Area based:
    • French newspapers reports
    • French government publication

  o Time-series based:
    • European union publication
    • U.S. publication

Surveys:

  o Continuous and regular survey:
    • Institutional websites surveys

Here is a summary of the institutional websites that have allowed the author to deliver all the news and official reports of crowdfunding in France.

Table 3: Summary of the institutional websites. Source: the author

<table>
<thead>
<tr>
<th>Reference</th>
<th>Websites address</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crowdfunding in France</td>
<td><a href="http://fpfrance.wordpress.com/">http://fpfrance.wordpress.com/</a></td>
<td>French association whose aim is to represent the players in French crowdfunding market with regulators, CFP’s and citizens.</td>
</tr>
<tr>
<td>Crowdfunding global news</td>
<td><a href="http://www.goodmorningcrowdfunding.com/">http://www.goodmorningcrowdfunding.com/</a></td>
<td>Independent blog dedicated to French crowdfunding news and topics.</td>
</tr>
<tr>
<td>Crowdfunding &amp; Crowdsourcing</td>
<td><a href="http://www.crowdsourcing.org/">http://www.crowdsourcing.org/</a></td>
<td>Independent blog of information to analysts, researchers, journalists, investors, business owners in crowdsourcing and crowdfunding platforms.</td>
</tr>
<tr>
<td>European Crowdfunding Network</td>
<td><a href="http://www.europecrowdfunding.org/">http://www.europecrowdfunding.org/</a></td>
<td>Professional network website promoting transparency, regulation and governance while offering a combined voice in policy discussion and public opinion building</td>
</tr>
</tbody>
</table>
The author also used three Google tools to find French news about crowdfunding and research academic journals:

- “Google Scholar” to find academic journals to complete the literature review,
- “Google Alerts” to keep the author abreast of the latest news about crowdfunding
- “Google Trends” to know the evolution of the search for keywords such as “crowdfunding” or “crowdfunding France” on the Internet.

**Primary Qualitative Data Collection**

To answer the research question “Is crowdfunding is a strong and sustainable alternative or an option for French entrepreneur to finance their small businesses?” the author needed to collect primary qualitative data because she already knows that the French literature is not developed enough to deliver a viable theory. To conduct a qualitative research the author chose to make in-depth interviews in order to gather as much information as possible on the subject.

**Non-standardised interviews:**

The author used the “in-depth interview” to conduct the primary data collection because the non-standardisation allows her to explore the topic deeper. Moreover, these interviews allow her to collect a wider range of qualitative elements.

The researcher decided to make a “One-to-one” interview because she thinks it is more effective and she prefers to devote herself completely to a person. However, as the author still live in Ireland during the period of interviews she decided to make them either by phone or by Skype (Internet).

At the end of the interviews, the researcher would like to answer the research question that focus on the development of crowdfunding in France as well as the factors that lead young entrepreneurs to use this method of financing.

To answer this question, the author needed to interview four French people who are involved in crowdfunding and are directly related to this new form of financing:
- First, an expert of the crowdfunding market in France attached to a Department or a financial institution and who could draw the market state of this new phenomenon and who can bring official statistics reports and legal issues.

- Then, a project creator who has already used a French crowdfunding platform to finance all or part of his project and succeeded. Here, the author wants to know more about the motivations that led the project manager to deal with this type of financing rather than traditional sources of funding and the prowess works.

- Moreover someone who has already took part of a project by investing via a French crowdfunding platform. Here, the researcher would want to know more about the motivations of the Crowdfunders and how does it works.

- And finally, a French entrepreneur who has already created his start-up and who wants to use crowdfunding in the future to develop a new service or product. This can help the author to learn more about the steps to follow to do a campaign and especially understand what can bring financing through crowdfunding versus others sources of finance.

**Data analysis**

The author recorded interviews which have been done via internet (Skype) then she listened to transcribe the relevant points that the expert wants to highlight. Then the author compared the data between the four interviews to compare the similarities first, then to emphasize the differences.

**3.8 Population and sample**

**Non-probability sampling technique: “self-selection sampling”**

As the author described in the previous section, she decided to refer to four experts who are directly or related to crowdfunding in France to conduct this study that’s why she applied the “self-selection sampling” which occurs “when the author allow each case, usually individuals, to identify their desire to take part in the research” according to Saunders et al (2009).

As explained in the literature review, the crowdfunding phenomenon takes place directly on the internet and that’s why the author researched the interviewees in this area. In fact, the author wanted different perspectives approach for an objective result. To find the sample, she began to publish two announcements on both the professional social network (LinkedIn) and
on her Facebook page by explaining his desire to interview people involved in crowdfunding in France.

Through this publication and thanks to her individual and professional network, people involved in crowdfunding have contacted her to explain their motivations to be interviewed. Then, as the author has received many requests, she selected the participants based on their relation with the crowdfunding in France and obviously the research objectives. Finally she chose four different profiles that allow her to extend her knowledge on the subject of his dissertation.

Here are the names of the people the researcher interviewed for localization issues (France) and their link with crowdfunding, they are credible and are an interesting sample in relation to the topic.

**Julien COUSSOT:**
French former employee at the “Caisse des Dépots” group in France (long-term investor at the service of public interest and economic development). Thanks to his job, he was able to work with managers of French crowdfunding platforms. In addition, he wrote a master’s thesis about the private equity market and crowdfunding in France in its French Business School. He was choosing because he has a global vision of the market of funding for French SME’s.

**Johanna CARAIRE:**
French co-founder of the Festival International du Film Indépendant de Bordeaux (i.e. International festival of independent movies). She used the French crowdfunding platform Ulule to partially fund its project for the festival and she succeeded in collect €5,000 the first year (2012) and €7,500 the second year (2013). The festival is a great success and without crowdfunding she would not have create it.

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16 Source : http://www.caissedesdepots.fr/en/home.html
17 Source : http://fifib.com/en
18 Source : http://www.ulule.com/
Florian MAS:
He is a specialist in internet marketing for real estate. He is the founder of the blog “Immobilier 2.0” which includes a community of more than 10,000 professionals of the sector around topics related to internet, new technologies and social networks applied to real estate. Founder and CEO of the start-up “MOOBZ” since 2009, he advises real estate professionals on their internet strategy. He might be very interested to do a crowdfunding campaign to launch a product or service in the future.

Chloé WEISS:
She is a French student who has already contributed several times to create projects in France by giving small amounts via crowdfunding platforms. For the moment she is studying cinema and she strongly believes that in this environment, crowdfunding have a bright future because today the French cultural world has difficulty to finance its projects.

➢ Cultural and economic dimension of the sample:
In addition to their positions, these four people can be divided into two groups of two people, which the first is linked to entrepreneurship and the economy (Mr. COUSSOT and Mr. MAS) and the other is oriented to the cultural and artistic side (Mrs. WEISS and Mrs. CARAIRE).

3.9. Ethical issues
The phenomenon of crowdfunding reflects a new type of more ethical investment. Indeed, today, investment products offered by traditional financial actors do not allow the investor to know the utility and the final destination of his investment and this has increased distrust about this opaque finance. In contrast, the mechanism of crowdfunding allows crowdfunder to know from A to Z circuit of financing. Thus, this is an alternative way to invest combining solidarity, ethics and profitability and offers to the investor to:

- Choose its investment project
- Choose the amount of its investment
- Choose the transparency without intermediate

19 Source : http://www.immobilier2.0-le-blog.com/
20 Source : http://www.moobz.fr/
About the ethics of this research, the author has tried to be the more objectifies by interviewing people related to crowdfunding from a different point of view. The author also proposed interviewees to sign a privacy policy if they want to remain anonymous but none of them wanted to sign.

Moreover, the author has tried to keep a good research ethics and did not affect the results and findings given by the interviews. This is important because often it happens that researchers misrepresent the results to meet a certain audience or need, which was not the case in this dissertation.

3.10. Limitations of the research

There are several limitations in this dissertation.

First, as the phenomenon of crowdfunding is recent, there is little academic literature on this subject and particularly in France. Thus, the author has relied on international research studies, but also had to rely on secondary sources such as internet sites and specialized blogs. However, information provided by these sources are reliable and can be transmitted in this context. The author has made a point of honour to name the sources that are known to be credible and reliable.

Moreover, as the researcher decided to focus the study in France and the dissertation must be written in English, she needed to translate all the resources she used in the most effectively way. However, the author thinks that sometimes, the differences in language have resulted in a loss of meaning which is also a limit. But the researcher tried to be as objective as possible and above all she tried to use as many sources as possible in English. But, as an example, some official websites of French institutions (government or survey institutes) are not translated into English as they are a principal source of information for the author.

Furthermore, another limitation of this research is the small sample of the qualitative study with four interviews. In fact, it is possible that because of this, this study can be seen as not credible because the results are based on a small number of interviews. However, the results are based on real experiences and knowledge of respondents giving credibility of the findings.

Finally, the conclusions of this research are developed by the author through the interpretation of the data she has collected. This interpretation is affected by the experience and knowledge of the author, but she tried to step back by exposing the reality of data collected.
CHAPTER 4: DATA RESULTS AND FINDINGS

As explained in the research methodology, the author conducted a qualitative study using interviews of four French people directly related to crowdfunding in France. The four interviews were translated from French to English and were transcribed in writing (see Appendix 1, 2, 3, 4).

The sample includes:

- Julien COUSSOT: an expert of crowdfunding market in France.
- Florian MAS: an entrepreneur who has created his start-up in France several years ago and is thinking to use crowdfunding to develop a new product and/or service.
- Johanna CARAIRE : an entrepreneur in the cultural who created an independent film festival in Bordeaux, France in 2012 and 2013 and made two successful crowdfunding campaigns to raise funds
- Chloé WEISS : a crowdfunder who has regularly participated financially in projects on French crowdfunding platforms

In addition to their positions, these four people can be divided into two groups of two people, which the first is linked to entrepreneurship and finance (Mr. COUSSOT and Mr. MAS) and the other is oriented to the cultural and artistic sector (Mrs. WEISS and Mrs. CARAIRE).

The results of these interviews are intended to help the author to respond to its research objectives as well as the main research question which is:

➢ Is crowdfunding is a strong and sustainable alternative or an option for French entrepreneurs to finance their small businesses?

Each interviewee had customized questions regarding to its expertise but some general questions were posed to the entire sample.

Thus, the purpose of this chapter is to compare the answers of interviewed in order to extract both differences and correspondences to develop a deeper analysis.

The section is organized according to the topics of the questions and answers of the interviewees and the original questions are placed in the subparts.
4.1 General information about the crowdfunding and its use

The author has wanted to learn more about the use of crowdfunding and its main characteristics in France so he asked general questions to the four interviewees in order to have their points of view.

Awareness of the phenomenon

Original question: When did you heard about crowdfunding for the first time? Where did you heard about this concept?

The phenomenon of crowdfunding is relatively recent and its current development is fast worldwide. However, the way people hear about this concept is significant that’s why the author has asked to the four interviewees a question to know when and how they heard about crowdfunding for the first time in order to know when the phenomenon appeared in France.

All interviewees said they have heard of it between 2009 and 2010 but not in the same way.

It appears that three of the interviewees have heard of crowdfunding through the Internet via social networks or blogs and one thanks to a specialized event about the financing of start-ups in France.

For Julien COUSSOT, his first experience with crowdfunding was with the innovative concept of My Major Company, French platform which is specialized in the label of musical creations. According to him, the concept snowballed and gave ideas to fund other projects, other concepts in different forms. In U.S., the financing of projects in a participatory way had already begun since 2007 through some known projects and this phenomenon then gave wings for financial managers to organize the funding of SME’s with a participatory manner.

The first time the crowdfunder Chloe WEISS heard of crowdfunding was in 2010 when she felt on a creative blog that promoted the edition of an e-magazine. The project seemed interesting then she participated and continued to take an interest in this kind of cultural and artistic projects that needs a boost because she finds it fascinating to learn about the new and ambitious various ideas.

Attractive Sides of crowdfunding

Original question: What do you like the most in the concept of crowdfunding: the solidarity side, the innovation, the creativity, the technology employed?
More than a technique of funding, the crowdfunding also has other functions in the current society that’s why the investigator wanted to know which side of the crowdfunding attracted more the interviewees: the social and solidarity side, the cultural and creativity side or the technology and innovative side.

According to Florian MAS, it is the technology that pleases him the most. For him, it is primarily a modern and efficient innovative tool that allows the entrepreneur to develop his idea, his market and his concept.

For Johanna CARAIRE, Julien COUSSOT and Chloé WEISS it is the solidarity and social side they appreciate in the concept. Johanna CARAIRE talks about that several times during the interview because she highlights the fact that in times of crisis, solidarity may be a direct solution to revitalize the economy. Then, Chloé WEISS talked about solidarity in order to support projects she likes for their innovation and artistic creation. Finally, Julien COUSSOT hoped that the ideals of sharing and involvement will not stop to the financing and the search for profitability.

**Advices for a successful campaign**

**Original question:** *In your opinion, what are the key success factors for a crowdfunding campaign?*

There are few advices given in the literature review regarding the methodology to follow for a successful campaign. Thus, the author wanted to know the tips that participants want to share.

Even if there is only Johanna CARAIRE who made a successful campaign, the researcher wanted the opinion of others participants because they also have seen successful campaigns on platforms.

For Johanna CARAIRE, who has already completed two successful campaigns, there are several important factors to take into account before starting. In fact, create a new campaign is a full time job because the process is very time consuming. Besides, she had to create a totally dedicated position for this job and make the whole team work by word of mouth. Regarding the advices for a success, she explains the need to highlight the originality and the meaning of the project, have a good timing but also create a dynamic with the existing community since the beginning of the process.
According to Florian MAS, the entrepreneur shall highlight various elements to raise funds for its start-up: its value offer, his team, the community that supports the project and its first financial results.

Moreover, as he reported, statistics show that for launch a crowdfunding campaign it is better to have already an established community that will bring the first pull of the project. Like all funding methods he thinks it must have validated the market, having a first product before launching a successful crowdfunding campaign.

As a crowdfunder, for Chloe WEISS it is important to highlight the message that the project developer is trying to convey and the purpose of his mission but the seductive side of rewards is also important.

**Selecting a platform**

Original question: *Have you ever created a crowdfunding campaign to raise funds? If yes, on which platform? Why this platform particularly?*

It is important to choose its platform before starting its campaign that is why the author wanted to know the motivations of the two entrepreneurs. For this he must rely on more information before selecting it.

In the case of the creation of a film festival as did Johanna CARAIRE, it’s better to take two things into consideration: the notoriety of the platform and commission fees. The notoriety of a platform brings more visibility to the general public. She knew that other associations have dealt with ULULE\(^{21}\) platform, so it's word of mouth that has worked for her. In addition, a team from the crowdfunding platform first contacted her and came to see her during a visit in Bordeaux, the festival location.

Regarding the costs of the campaign, the platform is remunerated as a percentage of the total amount collected and in the case of Mrs. CARAIRE, it was about 4% for this platform.

According to Florian MAS, it is more a geographical consideration. If he wants to create a campaign, he would use the American Kickstarter\(^{22}\) platform to expand its fundraising beyond France, that is to say, in North America. He justifies this choice by the fact that it would reach a wider market.

\(^{21}\) Source : www.ulule.com  
\(^{22}\) Source : www.kickstarter.com
Crowdfunders' motivations and compensations

Original questions: What are your reasons to invest in a project? Have you ever invested in a project that provides compensation as a reward and are you satisfied of it?

To contribute financially to an adventure, the crowdfunder has personal motivations that push him to give his money. In the case of the reward-based project, the author wants to know what the crowdfunder received in exchange for the participation and his level of satisfaction.

For Chloé WEISS, who is financially involved in projects as crowdfunder, the main motivation is the idea of being able to help someone inspired to realize his dream as she would one day someone helps her to realize it. This is somehow the return of fair exchange, a kind of possible utopia.

About the compensation of a project, all depends on the reward. As part of the realization of a short film of a friend, he proposed for such amount, send a poster of the film but she refused so that the project manager use it to promote the film differently. However, for the edition of an e-magazine, she accepted three free months of subscription.

The motivations of Johanna CARAIRE are twofold: she likes to give money to projects whose founder has the same interests as her that is to say an idea that personally touches her. In addition to this, she prefers to give funds to projects that come from his immediate community and help by solidarity.

Intellectual property risk and fraud

Original question: What about intellectual property? Have you seen or heard of theft? Is it possible to counter them?

There have been several cases of fraud in particular with the U.S. crowdfunding platform Kickstarter recently with a fake project which had already earned a lot of donations. There is not so far known cases of theft of project ideas but the author wanted to know what the participants think about this risk because platforms highlight the project from A to Z.

According to Florian MAS, experience and readings devoted to the launch of a start-up allowed him to understand that the idea does not really matter. Only the founding team and the implementation of the idea count. Thus he thinks that there is no reason to be afraid about stealing the idea. In addition, in the case of industrial innovation he thinks other financing methods are more suitable because there are patents involved.
On contrary, Julien COUSSOT thinks that if the project manager has a really great idea and he talks too much, it is possible that the concept could be copied or overtaken by people who already have the financial means to launch the product or service.

4.2 Overview and contribution of the crowdfunding in France

The French crowdfunding market is relatively young (almost 4 years), but according to official data, it remains very dynamic. In this section, the author wants to highlight the answers given by different respondents about their views on the current state of development of the crowdfunding market in France and its contribution to the French economy.

French crowdfunding platform landscape

Original question: What French crowdfunding platform do you know?

The current landscape of French crowdfunding is represented by almost forty general or specialized platforms. To know the French platforms that are most renowned, the author asked all the interviewees to determine what platform they know in order to establish a ranking.

It appears that all interviewees responded in common that they knew three platforms:

- ULULE
- MY MAJOR COMPANY
- KISS KISS BANK BANK

Moreover, Florian MAS and Julien COUSSOT also know FRIENDSCLEAR and WISEED, two platforms specialized in loans for innovative start-ups but Julien COUSSOT also knew:

- RESERVOIR FUNDS
- PARTICEEP
- COWFUNDING
- SPONSORISE ME
- KIOSK TO INVEST
- ANAXAGO
- HAPPY CAPITAL
Contribution of crowdfunding in the French economy

Original question: In your opinion, is the crowdfunding in France a good tool to boost innovation, creation and employment?

The addition of a new form of financing for small businesses has an impact on the national economy. Therefore, the author asked to the four correspondents their opinions regarding the benefits that bring crowdfunding but also understand the threats to its development.

According to Johanna CARAIRE, crowdfunding is primarily a tool to boost innovation and creativity, even if the amounts collected are relatively low; it remains a financial bonus and especially an advantage of communication.

Florian MAS adds that this is a good way to sensitize individuals to finance SME’s or innovative projects. However, the crowdfunding in France will not meet the U.S. success for several threats outlined in the next section.

For Mr. COUSSOT it could be a springboard for employment on condition that crowdfunding finance major projects in terms of employment and require a variety of skills and positions. In relation to the contribution in the country’s competitiveness, he wondered who should provide this boost competitiveness: the government or individuals. For the moment, the competitiveness will not be improved with the government's current reforms as e.g. the deletion of the tax exemption scheme for additional hours, the 35 hours a week problem or the reduction of tax related to capital investment etc. At the same time, he thinks that crowdfunding can clearly compensate for the lack of funds that can bring “Love Money” and in addition, this system allows going where finance professionals do not dare to risk.

Finally, he added that a public investment bank (called “BPI”) has emerged with the new government in place and whose purpose is to boost the investment “Made in France”. For this, the minister of finance has set up a website that brings together all the interesting crowdfunding projects in France (“Tousnosprojets.fr”) which will increase the number of funds and contributors. Moreover, this organization aims to develop the Social Solidarity Economy, giving a boost to this type of funding (donation, loan, and investment) for projects that have a positive impact on society.

23 Source: http://www.bpifrance.fr/autre/bpifrance_in_english
24 Source: http://tousnosprojets.bpifrance.fr/
To summarize, BPI France is responsible of referencing and supervising French crowdfunding platforms. This status places this bank as the first investor in French companies, but it is still difficult to finance a business start according to him...

The crowdfunder Chloe WEISS does not know how it happens in other countries but think that this tool is not sufficiently exploited in France and few people know the existence but it remains a good way to boost innovation and creation.

**Threats to the crowdfunding development**

*Original question:* *In your opinion, what are the threats to the development of the crowdfunding in France?*

When a new financial tool is created in a country, there are often barriers that can slow its development. Here, the author asked the participants if they know the threats that may affect the crowdfunding on the French market.

As reported Florian MAS and Julien COUSSOT, French individuals are still few to use this new tool which has the effect of limiting amounts. In addition, Florian MAS said that France is not a land of entrepreneur so it is less easy to finance when you set up a business. Then the French mentality vis-à-vis the investment is not very dynamic, usually French are afraid of risk and crowdfunding can be a high risk investment. Florian MAS added that French people are known to be world champions of savings: they prefer put their economies in “Livret A” (i.e. deposit account). Finally, he explained that taxation plays a key role when a person invests in a start-up and whether the investments are taxed when they are too risky they never take off. Moreover, even if the taxation remains flexible, investors will wait before jumping on a potential new niche tax because laws will change very quickly.

For the specialist Julien COUSSOT, the threats come directly from the government that reduced the benefits of capital investment. Another great threat could come from banks because they can respond to the loss of their market share.

On the other hand, Johanna CARAIRE explains that two elements can affect the development of crowdfunding in France are over-solicitation of contributors and the proliferation of projects. In fact, in the long term investor will limit its loans and grants to some projects and after a moment, he may wish to be more helpful if there is no return on investment.
According to the crowdfunder Chloé WEISS, the threats would come from government rules that are nonsensical in terms of innovative ideas. For example, if an idea is humanly and economically revolutionary, it is certain that the government will do everything to stifle so that recognition back to someone else, or so it never exists because it would be too innovative so it would be a danger to society today. Also, entrepreneurial mentality in France can be a barrier to the development of crowdfunding and compared with the U.S. where the competitive spirit of new ideas is everywhere. Each time she goes back there she is impressed with the amount of new services, new applications or new entertainment are various across the country. It is interesting to see how the country is developing thanks to these innovative projects. She believes that in France, people are not very dynamic.

**Financial regulations and transparency**

**Original question:** What are the legal considerations to follow in France? What are the legal limits?

Great changes have been led by the Minister Fleur Pellerin in February 2014. Following these announcements of flexibility on French investment in terms of investments in crowdfunding, the author wanted to know what Florian MAS and Julien COUSSOT think of these new reforms.

The expert Julien COUSSOT reminded in detail the various reforms and criticizes them:

- The authorization for individuals or businesses to collect up to €1 million and a maximum donation of €1,000 per contributor thereby increase the researched amount and thus help finance projects that require fast but intensive growth in cash.

- Concerning the “equity” participation in a company, now platforms benefit from a new status without a minimum of capital and tools for decision support for investors. It’s a legislation reduction following the same movement to reduce delays validation for Mutual Funds with the AMF25 (Financial Regulator) and the Prudential Supervisory Authority26.

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The Minister also announced the creation of a label for platforms that will comply with the new legal framework that looks like another government label that did not work ... This label should not enter in effect before 1st July 2014, when the orders containing all measures will be published in Official Journal.

Regarding the ambition of France to become the world leader in terms of regulation of crowdfunding, the expert believes that it can be complicated especially since France has already lags behind other countries like the United States of America. For him, it is necessary to educate individuals (future “crowdfunders”) to change their way of saving but in doing that, they could like it and move away from the banks...

As regards the taxation of investments, Julien COUSSOT says it is increasingly difficult in France to officially find solutions to tax exemption. Moreover, it is obvious for crowdfunding to focus on investment with fast return e.g. interest because altruistic investors are rare.

As reported Florian MAS it is not enough because lending between individuals is very limited on the two sides of the lender and the borrower.

**Future**

**Original question:** Do you think this phenomenon has a future in France? Why?

Looking at the rapid development of crowdfunding in the world, the author asked to all interviewees how they see the future of crowdfunding in France.

For Florian MAS, Johanna CARAIRE and Chloé WEISS, there is no doubt to have, crowdfunding has a bright future ahead. Mrs. CARAIRE and Mrs. WEISS add that as it is a method that involves the solidarity and they think that in times of crisis solidarity has a great potential. However, they say that this funding is more adapted for cultural, charities and artistic projects which have more difficulties to be funded.

Moreover to be able to be part of this dynamic, Florian MAS added:

- That it is time to prepare crowdfunding campaigns
- That a new job will develop for example “crowdfunding fundraiser”
- That competition between projects will be increasingly tough.

More pessimistic, Julien COUSSOT explains that this technique has a future in times of crisis, but once the storm passed, investors will work as before the crisis. Unfortunately, solidarity
and mutual work on short term, just enough time to wait for a recovery. Moreover, France could have the growth of the U.S. in crowdfunding only if the French tax regulations were the same and this is not the case, it is even still getting worse.

4.3 Crowdfunding versus others traditional sources of funding: considerations to take for a French entrepreneur

The main research question of this dissertation is whether crowdfunding is a solid and sustainable alternative of funding for a French entrepreneur today. In this section, the author asks the opinion of the four experts interviewed to establish the advantages and disadvantages of this new tool.

Crowdfunding as a consequence of the financial crisis

Original question: Do you think crowdfunding is a consequence of the crisis? Is it positive or negative?

With the financial crisis, the behaviours of investors have changed and banks are cautious to give loans to entrepreneurs who create high-risk projects. Thus, maybe the crowdfunding can be a real alternative to the lack of funds to boost the economy. This is what the author wants to know by asking the industry expert if crowdfunding is a direct positive or negative consequence of the global financial crisis.

According to Julien COUSSOT the benefits of crowdfunding are related to the change of behaviour of shareholders or investors. In times of recession, crisis or some changes in the global economy, people are trying to reassure returning to a less globalized and therefore more self-sufficient system. That is why the financing of small businesses or projects is more reassuring than investment in opaque financial products. Crowdfunding brings this reassuring and rewarding proximity when projects are emerging and gaining momentum. Finally, crowdfunding is a mutual solution, accessible and usable by all.

Moreover, for him, crowdfunding is clearly a positive consequence of the crisis, a response, a tool for private investors disillusioned by scandals widely disseminated by the media. Indeed, it’s possible to invest with crowdfunding without going through stock markets by providing local investment. The financial crisis has resulted in a loss of confidence in financial markets, which led to a decline in investment. This solution is a new investment vehicle for money sleeping.
Entrepreneurial considerations and motivations

Original question: *In your opinion, what are the main motivations for entrepreneurs to use this means of funding?*

Before embarking on crowdfunding, the project creator has several considerations to take into account and that’s what the author wanted to know.

According to Johanna CARAIRE it is foremost the difficulty of obtaining financing in France that pushes the entrepreneur to engage a campaign via a platform. In addition, as the founder of the festival, it lacked money to complete its budget to build the project.

Florian MAS thinks the main motivation is to prove the viability of the market. If funded, the creator shows that the product meets a great success even before it is developed. It is more reassuring than to develop its product to see that does not respond to the market needs. Moreover it is first of all a modern and efficient means to develop its start-up using the principles of “lean start-up” that help the success of a business. If he should ever use this method, it would be to release a new product/new service or upgrade an existing service/product to improve it.

Regarding to Julien COUSSOT, the motivations of entrepreneurs to use this type of financing are related to the freedom from banks that frighten or annoy often business owners.

Benefits and disadvantages of crowdfunding

Original question: *In your opinion, what benefits can bring a crowdfunding campaign? And what are the disadvantages?*

**Benefits:**

The benefits of fundraising via crowdfunding are many and that is what the author wanted to know by asking its experts.

To finance a cultural event as did Johanna CARAIRE, there are several benefits to using this tool for fundraising. In terms of marketing and communication is an essential tool. According to her, this is an interesting advertising material which can have a significant impact on the visits of the event but be careful that the campaign is not too far from the event in terms of time. In addition, a campaign brings visibility via social networks and platform, as well as the creation of a community. Finally, she finds that this is a way both fun and serious and that this tool is part of an underground economy where humans help each other’s by solidarity.
According to Florian MAS, there are several significant positive aspects that crowdfunding brings: marketing, communication and finance aspects. For him, the crowdfunding allows to validate its market, its concept, its idea by finance its development by the “early adopter”.

Thus, there are:

- The validation of the idea: involvement of the final customers with their validity concerning the features ... with the possibility of involving web-users in the product’s road map
- The obtaining of the first “clients” who finance development
- The financing intangibles assets
- The financing innovation service or product
- Much less personal guarantees to give
- The multiplication of small investors is interesting

There is also the creation of a community of crowdfunders involved and they became ambassadors which allow the entrepreneur reach a wider market. The benefits created by the community include:

- First customers
- Market returns
- Competitive advantage
- Watch appetite market
- Allow to receive early adopters who will spread after the project

Mr. COUSSOT explains that a crowdfunding campaign can bring notoriety and customers. They must be tempted, solicited, motivated to sell, so the communication will talk about the concept, the product and thus could eventually create the need and desire.

**Disadvantages**

At the same time it must not forget that there are several disadvantages to using this method of financing. Here is what the interviewees responded.

During her two campaigns, Johanna CARAIRE realized that there were several disadvantages including the “spam” effect which is heavy, that is to say the number of unwanted email received by the creator of the project. A campaign is also very time-consuming, it requires a
lot of time in its creation and its daily maintenance. She also explained that if the fundraising is not successful, this may lead to a bad image of the project and the loss of community.

For Florian MAS, the main disadvantages are:

- The amounts raised are still low. There are only a few large projects which raise a lot of funds.
- The establishment of a campaign takes time which lead to high costs for the business owner
- This is mostly B to C projects for a wide public that can be financed on these platforms.
- Discouraging in case of failure of the campaign
- Requires an initial investment to set up the campaign: first beta product, prototype, demo video ...

Moreover, for him it should be noted that there is an important point in the development of start-up and which is the notion of “pivot” (a shift if the entrepreneur identify a promising market). He thinks that funding via crowdfunding limit the pivot which can be key element. For example, if a mask is proposed which can breathe underwater and they finally released a mask that allows the fire-fighter to breathe in a fire, there is a disappointment effect.

According to Mr. COUSSOT, the major disadvantage of crowdfunding is possibly the great disparity of shareholders that the entrepreneur does not control in its own business. In addition, these shareholders do not help in the daily management unlike specific funds will be able to help them move.

Moreover, a crowdfunding campaign can give a clue to the financial plan of the company, the expected margins and thus discredit future sales.

The downside for crowdfunders is being able to disengage easily, quickly for a project and it is not the case for them with this technique. In addition to this, it is still difficult to explain to the public the functioning of remuneration because it is still very unclear.

**Crowdfunding versus other options of financing**

**Original question:** In your opinion, what are the advantages and disadvantages of crowdfunding in comparison with other traditional methods of financing as bank loans, venture capital and business angels?
Finally, there is a time when the entrepreneur must choose between crowdfunding and other traditional sources of funding and this is what the researcher wanted to know by asking its experts.

Johanna CARAIRE has issued that all other options (bank loans, venture capital and business angel) are often scams, that is to say, the entrepreneur rarely encounters a good counterpart in the funds lent. For her, crowdfunding has a healthy and transparent side than other financing methods reflect a bit of the world finance linked to the crisis side.

For its part, Florian MAS has obtained funding of its business creation through traditional sources five years ago and which are:

- Traditional Bank Financing
- Financing by an organization: subsidy

Consequently, he knows these solutions of funding and according to him, using traditional financing is long and you have to wait to obtain the amounts which are small except in the case of obtaining patents for innovation. Financing innovative product for use doesn’t in France. In addition, the process of raising funds is heavy, expensive, and very time consuming. The entrepreneur must develop a business plan and a road map for the product to attract investors and not for end customers.

The author wanted to know what types of funding are increasingly used by French entrepreneurs. To this question, the expert Julien COUSSOT explains that there are multiple solutions by opening the capital of the company:

- “Love Money”
- Business Angels (e.g. “France Angels” or “Finaqui” in the Aquitaine region)
- Professional Funds issued by the Public Investment Bank (BPI)

According to Mr. COUSSOT, the choice of crowdfunding comes at the detriment of banks. He even asked why it should reserve these new investments to finance professionals often criticized for their lack of judgment and understanding.

For him, banks lend, it is a fact, but they lend but with so many guarantees and always under the guise of rules imposed too often unknown to the general public that it seems tricky to ask finance start-up or innovative business models without early funding. Then it is easier to ask
for seed capital or business angels accompany the contractor on this adventure with a much larger than funding risk-taking by bank loan.

**Crowdfunding: option or alternative solution?**

**Original question:** *In your opinion, is crowdfunding a real alternative or an option for entrepreneurs in France?*

Finally, the author would really want to know if the French crowdfunding is a financing option among others, or a real alternative on which an entrepreneur can rely on to create his own small business.

On his side Chloé WEISS thinks it depends on the size and scale of the project, in some cases, it may suffice, in others it is merely complementary but can also lead to other funding.

Florian MAS thinks that crowdfunding is a good way to finance a start-up in initiation. Generally, venture capital or business angel does not go on this type of project too risky financially. Having completed a successful crowdfunding campaign is a good springboard to get another fundraising. For him, this is an opportunity for early stage financing. But, he will take other types of financing anyway.

For the specialist Julien COUSSOT, crowdfunding is more a complementary than an alternative because it is difficult to want to fund only through this system by occulting the banks which finance the bottom of the balance sheet (i.e. all the company owns and owes in the short term). In addition, crowdfunding, such as investment funds require high returns which can weigh on profits reinvested in the business for its proper development.

Finally, crowdfunding can be used by companies to finance start when it lacks evidence of the success of the project. Crowdfunding, investment funds, bank loans enable companies to create and develop but today there are so many actors that it has become a real assault course and a full-time job of trying to finance his business.
CHAPTER 5: CONCLUSIONS

In this chapter, the researcher will answer the research objectives and the research question. For this it is essential to correlate the results of the secondary research of the literature review with qualitative data (interviews) of the primary research. The purpose of this section is to analyze, clarify, and explain the findings in order to draw general conclusions. Fortunately, the author has found all the answers to her questions.

As a reminder, the main objective of this dissertation is to understand a new technique of financing called crowdfunding for small businesses, to draw up its level of development in France and especially to know whether it is a solid and sustainable alternative or simply an option for French entrepreneurs who want to create a business or develop it.

The plan of this chapter is organized according to the research objectives:

- Find an overall definition of crowdfunding, define its origin and discuss about theories provided by various authors and experts.
- Show all the characteristics of crowdfunding business models, campaign and platforms used to raise funds by French entrepreneurs.
- Give an overall statement of the crowdfunding market development in France and its contribution to the domestic economy.
- Explain the main traditional existing sources of funding which are dedicated to SME’s in France and their principal characteristics.
- Define the main benefits and disadvantages for a French entrepreneur to use crowdfunding instead of others existing sources of funding in France.

To finish by answering the main research question of this dissertation:

- Is crowdfunding a strong and sustainable alternative or an option for French entrepreneurs to finance their small businesses?
5.1 Overall definition and discussion of the concept of crowdfunding

In the literature review, it was question of what is crowdfunding theoretically. The author will retain that crowdfunding is a modern financing technique that took root in the crowdsourcing (Howe, 2006) and is the result of several factors.

Indeed, the crowdfunding is the result of a modern equation with three variables:

- The advent of the internet and Web 2.0: Smartphone, social networks, new technologies… The hyper connectivity in today's society is a very important variable that makes the success of crowdfunding.
- A consequence of the financial crisis: the reluctance of banks to take risks to finance entrepreneurs and lack of confidence surrounding traditional finance has strengthened the desire project holders to find alternatives to existing funding.
- A new solidarity dimension: it was born after financial crisis; modern society has cultivated very long and individualization is not a coincidence that there is a return to more collective consciousness and social ties.

On this subject, the author will retain the overall definition of crowdfunding of Schwienbacher Lambert (2010) as “an open call, essentially through the Internet, for the provision of financial resources either in form of donation or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purpose”.

This new phenomenon has been clearly discovered in France via the Internet no earlier than 2010 thanks to crowdfunding campaigns known as launching music albums. In fact, this financing technique was first known because it has often subsidized artistic projects that have helped to make both famous artists and crowdfunding.

It seems interesting to talk today of a “financial revolution” because this tool responds to both funding requests not granted by banks and the need for investors (crowdfunders) of transparency and traceability to choose their investments. In addition, in view of the amounts already raised, the growth rate and the economic and social implications of this method of financing, it is a new era of funding.
5.2 Show all the characteristics of crowdfunding business models, campaign and platforms used to raise funds by French entrepreneurs

Above all, the entrepreneur must choose its business model based on its concept/idea. There are four types of funding model: the “reward based” model, the “lending based” model, the “equity based” model or the “donation based” model. Depending on the project, the entrepreneur may propose to the investor either to enter in the capital (“equity based”), give him a reward based on the amount given (“reward based”), reimburse its interest (“lending based”) or just thanks him (“donation”). According to Hemer et al (2011), the less complex process is the donation followed by the reward then lending to finish with equity based model.

In the end, crowdfunding is more than a means of financing because it has several dimensions that go beyond its primary function. First, there is a social and solidarity dimension that is much appreciated by investors but also by project creators. Due to its business model based on disintermediation, the investor can choose himself the final destination, the project or the company that will receive the money, whether in the form of a donation, loan or capital.

In addition, it is also a technological revolution because it is above all a highly innovative and effective tool. Indeed, specialized platforms enable to find all the necessary financial information for the crowdfunder to invest and allow him to give money through simplified online transactions.

Platforms on the Internet have almost all the same presentation and offer the same services. For a project manager, the selection of the platform is based on its specialization (business model), its reputation, and its success rate but also on its commission fees. It is interesting to note that some platforms can now propose projects from different countries; this is the case for ULULE which is open to any entrepreneur residing in the EU.

Moreover, to make a successful campaign it is important that the entrepreneur follow several tips. A campaign is a full time job, it is important to allocate a lot of time to put forward the idea of the project, the information about the project but also to prove that it is essential for crowdfunders to invest. Another essential element is to create a community before the campaign to relay information more effectively through social networks available because everything is a matter of timing.

Source : http://www.ulule.com/
Although there is no census of significant fraud in the crowdfunding currently but there are still many risks for both the project manager but also for the crowdfunder. Indeed, with the development of many projects worldwide, the probability of fraud increases at the same time. First, there is the risk that the investor is manipulated by a false project on a platform and its donations go to thieves. In this case, it will be the fault of the platform because they select projects before launch them on the website. There is also a risk that a project/idea could be stolen because a lot of information circulates to highlight the project: financial results, process, team members etc.

Crowdfunders motivations are many; first, it is often to help a friend, family or acquaintance to achieve a project which is the main motivation. Then there is the originality of the project that can make a difference. The proximity side is also one of the primary reasons people like to participate in ventures in which they see the effects locally. Also, some crowdfunders are attracted by the rewards offered by the project developers but finally, the return on investment is not a motivation for crowdfunders.

5.3 Explain the different existing sources of funding which are dedicated to SME’s in France and their main characteristics.

In the French economy, there are several types of company. In the case of this dissertation, the author proposes to consider, both on small businesses that want to finance to expand but also start-ups seeking funding in “seed or early stage”.

The main problem for a young start-up is the “equity gap” or “funding gap” which is defined by a strong demand for funding from businesses and low supply market (Lam, 2009). Crowdfunding could be a possible solution by the entrepreneur to fill this lack of funding at this stage.

In fact, there are in France several types of funding already established and which are essential for the company depending on its stage of development. First there are funds available for the creation and initiation of the company, in this case it come from the “Love Money” (Family, Friends, and entrepreneur) and Business Angels (wealthy private investors). It is called the “informal” funds (Riding, 2008).

Then, banks, capital development and venture capital are intended for companies that have reached their breakeven point and finally the IPO (Initial public offering) is a way to access to
a greater notoriety via stock markets. Each of these solutions can allow a young business to grow with funds available but the French market remains not very dynamic in this sector.

Note however the creation of the Public Investment Bank established by the government to subsidize start-ups but again, there is still much work to do.

In addition, while some countries may enjoy receiving a lot of foreign capital to invest in SMEs, a recent study (Ministry of Finance, 2013) shows that the new foreign direct investment (FDI) in France fell by 77% in 2013, to reach €4.1 billion.

In conclusion, the traditional funding sector in France presents several problems for the entrepreneur:

- There is a generalized lack of cash from banks and others institutions for supporting SMEs
- The slowness of banks in the financing of a project
- The risks taken are very limited in innovative SMEs.
- The lack of “flair” from investors.

**5.4 Give an overall statement of the crowdfunding market development in France and its contribution to the domestic economy**

With the financial crisis which began in 2008, it is increasingly difficult to obtain loans through traditional financial institutions in France for a small business or a start-up. In fact, there is a major reason for the slowdown is that banks have an increasing risk aversion, an element that is ubiquitous in a young company. In addition, according to reports on competitiveness, France is not a country that still attracts many innovative companies because of the high percentage of corporate taxes in France (around 33.3%).

Despite these discouraging economic factors crowdfunding is experiencing a rapid growth in France when it represented €7.9 million in 2011; it represents €78.3 million in 2013. These figures show the enthusiasm of both individuals for this method of financing but also the taking of positive position from the government to boost crowdfunding.

In France, there are now approximately 36 specialized crowdfunding platforms, but this figure is constantly increasing. In this regard, the current government has put in place a common label to all platforms to highlight their transparency in transactions and ethics. According to
primary data, there are three platforms which are well known to the general public: ULULE, MY MAJOR COMPANY and KISS KISS BANK BANK have all three the same business model: the reward-based model and the all-or-nothing process of fundraising.

More than a funding solution, the crowdfunding brings several positive elements in the French economy. First, it is a tool that boosts both creativity and innovation in general because it allows any entrepreneur/individual embarking on a project and thus create added value. Unfortunately, there are a good number of innovative ideas that have not been possible due to lack of funding.

In addition, it helps to educate the public and drive it to engage behind the small businesses and to support them at the very beginning of the project, either artistic (movies, events) nor start-up type (product development or services).

Moreover, the proximity factor is very important in crowdfunding, many projects are at the local or regional level, making it possible to motivating people to help themselves.

Then crowdfunding on a large scale can also help to solve the problem of unemployment in France increasing with 10.9% in 2014. Indirectly, a project creator who wants to start a business through crowdfunding can employ people if he passes the risky cap of initiation.

According to that, Forbes magazine published a report (Forbes, 2014) which explains that 39% of respondents want to employed (average 2.2 people) after the emergence of participatory funds. And in total, 87% of companies use crowdfunding in order to create jobs, a trend that is observed especially in large businesses.

Faced with these promises of growth, the current French government has jumped on the opportunity to boost crowdfunding at national level. The new reform is expected to secure potential investors users, and should therefore be the cause of a boom in funding. Fleur Pellerin, French Minister of SMEs and digital innovation, explained that “this is a great driver of growth, job creation, community mobilization. Our ambition is to make France a pioneer of crowdfunding because it carries the values of a start-up Republic we want to create”.

Despite this political motivation, in France there are still several economic barriers that may hinder the economic revolution of crowdfunding. First, the French mentality vis-à-vis the investment by individuals is not very dynamic, because in most cases, the French prefer to
save their money on risk-free investments. In fact, the entrepreneurial spirit is far from being free like the U.S. where you can still develop a start-up even if the risk of failure is high. In France, when a company falls, the consequences are much more negative and more, there is a heavy administrative part to face. Then, corporate taxes are one of the highest in Europe, which does not push young entrepreneurs to establish in France.

Finally, the crowdfunding in France still has a bright future ahead of him. End of April 2014, the French SMARTANGELS28 platform specializing in equity rose for the first time in France more than €1 million from several investment funds.

5.5 Define the main benefits and disadvantages for a French entrepreneur to use crowdfunding instead of others existing sources of funding in France

The use of crowdfunding instead of other traditional sources of financing (Business Angels, Venture Capital and Banks) can be very interesting for the entrepreneur especially for communication and awareness of the project. However, there are still some disadvantages, especially in terms of the lack of recommendations and networking for entrepreneurs.

Benefits for the entrepreneur

Firstly, the use of crowdfunding enables entrepreneurs to save time with investors of the project. In fact, when he appeals traditional ways of financing, he is obliged to negotiate rates of return, to develop a long-term road map, show its financial results and keep aware investors all the times. All these obligations are time and money consuming.

Moreover, another advantage of crowdfunding makes it possible to stay on the majority stake for the entrepreneur in the company using the “reward based model”, which is the case for the majority of projects. However, if the entrepreneur wants to use the equity crowdfunding, he needs to open its capital to new shareholders but he can stays the major stakeholder.

Crowdfunding is a powerful tool especially for the entrepreneur who wants to test the market before launching its product or service. Indeed, it is a time and money saving because if the market is not ready to buy future products / services then the campaign will fail. The other advantage is that the project manager can benefit from a direct feedback from potential future customers. Also, it may provide specific information on market expectations.

28 Source : https://www.smartangels.fr/homepage
Especially through social networks, a project presentation on a platform can benefit from a wide visibility. There is a viral effect during a campaign as it possible for the entrepreneur and crowdfunders to share the concept via Internet tools (Facebook, LinkedIn, Twitter etc.). Thus, this awareness helps to advertise the project and especially to bring in new investors. Moreover, the investment community are both ambassadors but also potential future clients.

The proliferation of small investors can have a snowball effect in professional networks. Indeed, it happens that other investors join the investment members and it created a network of professional more and more extended.

Finally, the fact that crowdfunding is based on a system of disintermediation between the investor and the start-up due to the fact that the funds go horizontally unlike a traditional vertical funding. This aspect brings a healthy and transparent side compared with opaque financing.

**Disadvantages for the entrepreneur**

The new reform of the French government allows increasing the amount of fundraising via equity crowdfunding up to €1 million. However, these amounts are small compared to traditional investor’s offers (over €1 million) which do not push the entrepreneur to use this method.

In addition, the majority of projects exposed are most “business to consumer” (B to C) model whereas there is a very big market with the “business to business” (B to B) model. Thus, entrepreneurs who want to provide a service/product for other companies will not be satisfied with the crowdfunding.

A crowdfunding campaign is a full time job. Indeed, between the writing developments of the project on the platform, the video presentation (trailer), the product or service in beta version, there must be at least one person assigned to this job. In addition, it is necessary to be present all times to answer questions from potential investors.

Moreover, the organization requires money before the campaign to pay expenses such as wages, product creation in beta version, photomontage and even commission fee for the platform.
Finally, if the campaign fails, there are several negative consequences for the entrepreneur. First, it gives a bad image to the project that may harm him if he wants to retry the experiment but he can review all the main concepts and see where the problems are.

5.6 Is crowdfunding a strong and sustainable alternative or an option for French entrepreneurs to finance their small businesses?

This is the main research question of this research.

In the context of this dissertation that discusses about crowdfunding, the author examines the question of whether this new means of financing is one option among other or whether it is a strong and sustainable solution for French entrepreneurs to fill the “equity gap”.

According to the information that the researcher was able to collect, it appears that the crowdfunding as a way to finance small business is on track to become a strong player in the funding sector in France. Nevertheless, it stills needs to improve in some areas, particularly in relation to its regulation; the amounts proposed or even on the risks taken by crowdfunders.

According to data from the primary and secondary research, crowdfunding is currently more an option than an alternative of funding for French entrepreneurs. This conclusion is explained by several points.

First, it appears that crowdfunding is commonly used as a financial supplement to fill the budget of the project. Moreover, many French entrepreneurs think it is not possible to have a single funding source during the creation or development of a business. Most projects were carrying at least two different sources of funding at the start, and often, the numbers of investors increase with time.

When the author wanted to know if it is a sustainable option, all the experts interviewed confirmed that this is not a phenomenon or a passing fad. In the future, it is certain that crowdfunding will have an exponentially growth worldwide and it is possible that in the coming years crowdfunding become a major actor and essential in the global funding sector.

However, this means funding represents a real alternative to traditional financing (banks, private investors ...). Now the investor knows his investment, he may choose the project and the project manager he wishes to support. Still marginal compared to bank loans (amounting of hundred billion of Euros in France), crowdfunding has experienced a strong growth since
its inception as the amounts collected doubling every year. It is a real opportunity for the development of the Social and Solidarity Economy.

Finally, crowdfunding allows a redefinition of values by emphasizing the importance of the community, the societal and the environmental concerns and disrupting current consumption models.

Crowdfunding is a financial revolution, confirmed by the multiplicity of platforms, the funds raised and all projects funded today. A revolution like only Internet allows nowadays.
CHAPTER 6: RECOMMENDATIONS FOR FUTURE RESEARCH

Future research on the subject can be organized in different ways depending on the subject. For example, it is possible to conduct a study on projects that have raised large amounts in France and discuss with entrepreneurs about key success factors in their successful campaigns.

Another interesting study could include a large sample of crowdfunders to learn more about their motivations and their situations in the process.

Finally, another in depth research study on the taxation of crowdfunding in France is interesting; that is to say, make a global review of the taxes paid by the entrepreneur for his company but also for the investor because it is a very complex subject.
CHAPTER 7: SELF-REFLECTION ON OWN LEARNING PERFORMANCE

7.1 Introduction

This part of the dissertation allows the author to explain the learning style that helped her develop this dissertation. The purpose here is to identify the skills acquired by the author throughout her MBA program and this dissertation with the help of Kolb (1984) and Honey and Mumford (1986) studies. These authors have developed theories about learning styles but also about the different types of learners. Finally, the author provides a review of what she learned during her year MBA Finance and during her research study.

7.2 Learning styles

The definition of Kolb (1984) is as follows: “Learning is the process whereby knowledge is created through the transformation of experience”.

According to the Figure 12 developed by Kolb (1974) it appears that any person who is learning, as the author of this dissertation, goes through a cycle of four stages which are:

- Concrete experience (“feeling”): it is the action of learning from experiences and related to people.
- Reflective observation (“watching”): it is the action to watch and observe an experience before making a judgement
- Abstract and theoretical conceptualization (“thinking”): it is the action to apply the experience to theory
- Active experimentation (“doing”): this is the action of interpreting theories, issue decisions and solve problems

Moreover, Honey and Mumford (1986) in relation to Kolb (1984) identified four learning styles by naming the different types of learners (see Figure 13) which are:

- The “reflector” (divergent) prefers practical experience phases and reflection on that experience. He enjoys learning from experience.
- The “theorist” (assimilator) prefers phases of reflection based on experience. He enjoys theoretical studies.
- The “pragmatist” (convergent) prefers phases of abstract and theoretical conceptualization of experience and implementation of the idea / action. He prefers to solve problems whose solution is unique. He enjoys projects and self-directed activities.
- The “activist” (accommodator) prefers phases of practical experience and application of the idea/action based on this experience. He tends to rely thoughts of others rather than his own analysis; he readily agrees to take risks.

Honey and Mumford (1986) developed a questionnaire that the author has filled in order to know what type of learner is (see questionnaire in Appendix 5) and her highest score correspond to the type “divergent/reflector”.

The reflector is a person who prefers to observe before making a decision; he has an aversion to risk and is a person who listens to the opinions of others people. In addition, they are characterized as serious and good listeners. This is because they like to watch other people and need time to develop their own opinions.

Indeed, the author agrees with this result because, in everyday life, she always prefers to learn and read theories before giving her opinion, it's not a surprise for her to be a reflector learner. Moreover, during this dissertation exercise, the author began by learning and read about the subject before drawing conclusions because it is her way of learning. This learning style
allows the researcher to weigh the information received in order to highlight the important points. Thanks to this, the author was able to think more logically, but simultaneously, it took more time to observe and thus, the author lost time in her research.

Learning style allows the researcher to better understand herself and believes it was reflected in the completion process of this research. However, the researcher is aware that these learning styles also have disadvantages so this evaluation may help the author to improve her future professional career.

7.3 Review of skills development and learning during the MBA and dissertation

In writing this dissertation and more widely in the MBA program, the author has been able to develop new skills that will help her in her future career; here are the most important.

Interpersonal skills

The interactive format of the MBA program with a large number of projects assigned group and presentations throughout courses helped to develop the interpersonal skills of the author. Especially being attentive but also negotiates to integrate its opinion during meetings with others students. This set of skills acquired will contribute significantly to the future professional life of the author particularly in the field of management.

Leadership skills

During her MBA, the author had to develop multiple reports in collaboration with other students of her promotion from different countries. Despite problems of communication of ideas in a non-native language, the author discovered that she had the ability to manage a group proposing appointments to other members, as well as planning a schedule to follow.

Moreover, she is now more confident about issuing reports but also in meetings where she can expose her ideas more effectively.

Research skills

Above all, the author was able to learn how to conduct long-term research by planning for each week a new task and by imposing deadline. The research exercise was new because she had never undertaken such a laborious study. The main problem she had was when she had to do the literature review by searching all previously published work on the subject. It takes a
lot of time to read and then summarize the findings, in addition, such publications are often complex it was long and difficult to develop this skill.

**Personal management skills**

During this thesis, there were some minor problems with interviews including making appointments with the persons concerned and the author has learned to manage problems and especially to solve them. The management of long-term planning is a delicate exercise and the researcher is now able to develop self-management process.

Moreover, the fact of working for several months in a row on the same subject can be annoying after a while, and lack of concentration is one of the negative consequences of that. However, the author quickly realized that if she did not focus more, she would lose time, and therefore it would take longer to finish her research. It's a vicious circle. Thus she gained skills related to the concentration in order to finish her research on time.

**Professional skills**

The MBA experience has been very demanding and for the author, it is primarily a tool for personal development. In addition, it allows both improving CV and knowledge of international business strategies. Finally, it allows the deepening of skills such as leadership, intercultural management and the concept of critical thinking.

**Intercultural skills**

The MBA program has also provided a real open mind to the author. Being able to study in a foreign country like Ireland is a real opportunity and the ability to study and work with students from around the world was a very good experience. Be able to share different perspectives bring an open mind that can help the author in its personal and professional life.

Finally, the MBA has allowed the author to understand the Anglo-Saxon mentality in other words whether the differences in the way they work. Moreover, how to teach and study is quite different from France, and there are many things that the author has enjoyed including the opportunity to discuss with the teacher in the majority of courses. In France, it is very rare that a teacher asks your opinion, which is a shame because it helps to develop oral skills but also to argue.
Critical thinking skills

The work required for the MBA were mainly in the field of finance and consisted of interpreting figures. It was not enough to interpret diagrams but also had to make a critical analysis. At the end of the program, the author was able to develop critical thinking in all areas studied in order to put forward a comprehensive and complete data analysis.

7.4 Conclusion

In the United States, the MBA is the training flagship of Business Schools, a door-opener to climb in the organization of large companies. On the contrary, in France, MBA’s has implemented recently. But under the pressure of international careers and the growing demand for training, it has developed at high speed in French Business Schools. So, this will be a serious advantage for the future career of the author.

In conclusion, the overall experience of the MBA program was a step that brought much positive expertise to the author. This is a real personal and financial investment but the result is undeniable. The most precious skill learned is certainly the fact to learn more about you and so be able to challenge yourself every day.

Moreover, being constantly surrounded by bright and young students show to the author that the competition is tough and you have to overcome to be the best.

Finally, there will be a “before” and “after” MBA. The MBA experience has brought benefits to the author and if the issue is successful, then it will be a real springboard for future professional life of the researcher but also for its personal life.
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APPENDICES

1. Interview of Johanna CARAIRE - French entrepreneur in cultural sector (March 2014)

*Cana you briefly introduce you?*

- Johanna Caraire 29 years I am the director of the International Festival of Independent Film Bordeaux (fifib). I studied art and communication. I'm passionate about cinema that is why I created the association «Semer le doute» that organizes fifib.

*What is the link between you and the crowdfunding?*

- I did two collects on Ulule platform to fund the first (2012) and the second edition (2013) of fifib. 1st edition: €5,000 and €7,000 collected for the second.

*When did you heard of crowdfunding for the first time? Where did you heard about this concept?*

- Internet via social networks.

*What French crowdfunding platform do you know?*

- Ulule / My Major Company / Kiss Kiss Bank Bank

*Have you ever created a crowdfunding campaign to raise funds? If yes, on what platform? Why this particular platform?*

- Yes on Ulule because we knew other associations in the same area who uses Ulule. On the other hand we have been contacted by their team who came to meet us during a visit to Bordeaux.

*Why did you need to raise funds?*

- To complement gaps in our budget

*How much did you need?*

- Between €5,000 and €10,000

*Do you think you will have recourse to crowdfunding in the coming months? Why?*

- Yes, because it is also a way to communicate and create a community around an event.
What the process of a crowdfunding campaign looks like? Is it a full time job?

- Yes, it is much more time-consuming than you think. It takes a dedicated person on the campaign but also mobilize the whole team to work by the word of mouth it's a real team effort.

Do you know how the platform pays itself? How high are the costs?

- 4% of the total amount raised, I think.

In your opinion, what are the key success factors for a crowdfunding campaign?

- A project with meaning and originality, a good timing, a dynamic from the start and an existing community on social networks.

What do you like the most in the concept of crowdfunding: the solidarity side, the innovation, the creativity, the technology employed?

- Solidarity

In your opinion, what are the advantages and disadvantages of crowdfunding in comparison with other traditional methods of financing as bank loans, venture capital and business angels?

- It is fun and serious at the same time. This financing has a parallel underground and it is attractive, it reassures the human ability to be able to weld and produce something by the force of the group.
- Everyone is aware that everything must be paid and that traditional methods are often scams (except for public subsidies), crowdfunding has a healthy and transparent side.

In your opinion, what benefits can make a crowdfunding campaign in communication and sales?

- This is an interesting advertising that can have a significant impact if it is not too far from the event (in time).

And what about the disadvantages?

- Spam effect.
- Multiple appeals for donations on all communication media.

In your opinion, what a start-up should highlight when it seeks to raise funds through crowdfunding?

- Its originality, creativity and contribution to the society (pompous) and for the good of a community.
What about intellectual property? Have you seen or heard of theft? Is it possible to counter it?

- No idea.

According to you, how the money raised through crowdfunding can be used? Are there any restrictions?

- No idea.

In your opinion, each initiative of crowdfunding creates a kind of community? What are the benefits that it brings?

- Yes if the collect is successful.
- The community created provides a real visibility for “public” target to the project.

Have you ever contributed financially to a project via a crowdfunding platform? What type of project do you prefer?

- Yes.
- All projects that concern my community, I see people who have the same interests as me and I participate by solidarity.

In your opinion, is the crowdfunding in France is a good tool to boost innovation and / or creation?

- Yes even if the sums collected are low and cannot replace public subsidies. It is a small “bonus” and it is a real advantage of communication.

Now, what are the threats to its development?

- Over-solicitation of contributors and the proliferation of projects.

In 2013, the website Entrepreneur stated that the crowdfunding is the primary means of funding start-ups in the U.S.; do you think that France can also follow this example?

- I do not think it is suitable for the classical economy as a whole. I think it is more for cultural, humanitarian and artistic projects which have difficulty to be funded.

In your opinion, what are the main motivations for entrepreneurs to use this means of funding?

- The difficulty in finding financing and getting loans
Do you think this phenomenon has a future? Why?

- Yes, because it appeals to solidarity and in times of crisis, I hope that the solidarity has a future.

Today the global crowdfunding market represents $5 billion and according to Forbes magazine, the market could reach $1,000 billion in 2020. What these figures inspire you?

- Uh ... not much, I know nothing about economics.

2. Interview of Florian MAS - French entrepreneur in Innovation (March 2014)

Can you briefly introduce you?

- Florian Mas, web entrepreneur since 2009. Founder of the blog “Immobilier 2.0” and its Quebec subsidiary MOOBZ Co-pilot Real Estate. We specialize in marketing for real estate professionals.

- Our activities for real estate professionals are:
  o Editing a paid blog
  o Development and marketing services and Web tools
  o Strategic Consulting

What is the link between you and the crowdfunding?

- As an entrepreneur, financing solutions are a key issue. Crowdfunding is a leverage which we think since a long time to finance some innovative projects or launching new products.

When did you heard of crowdfunding for the first time? Where did you heard about this concept?

- In 2009, when we started the project MOOBZ several crowdfunding platforms were beginning to emerge. We at the time participated in several events with Jean-Christophe Capelli to launched FriendsClear platform.

- The explosion of platforms like MyMajorCompany, or Ulule Kickstarter put these platforms in the front of the scene allowing this type of financing become a real alternative.

What French crowdfunding platform do you know?

- Ulule
- My Major Company
- Kiss Kiss Bank Bank
- Friendsclear
- Wiseed

*Have you ever created a crowdfunding campaign? If yes, on which platform? If not, are you considering it? On what type of platform?*

- No, but it is a way of financing considered. Our thoughts are more on platforms such as Kickstarter to reach a North American market.

*What do you like the most in the concept of crowdfunding: the solidarity side, the innovation, the creativity, the technology employed?*

- For me the crowdfunding allows to validate its market, its concept, its idea by finance its development by early adopter.
- It is a modern and effective way to develop its start-up using the lean start-up principles.

As follows:

- We validate the idea.
- We obtain the first “clients” who finance development.
- We have a community crowdfunders involved which become your ambassadors and allows you to go to reach a wider market (curve adoption of innovation).

*If you need to raise funds, do you want to use crowdfunding? Why?*

- Yes, for the reasons mentioned earlier

*Why would you need to raise funds: reinforce your team, create a new product and / or service?*

- Launch a new product or a new service
- Improve an existing service/product

*As an entrepreneur, what means of financing did you use to create your start up? Have you encountered difficulties in obtaining it?*

- Traditional Bank Financing
- Funding from organization / subsidy
- Commitment a process of fundraising that did not go term

- Traditional financing are long to obtain and the amounts are small unless we are on breakthrough innovation for obtaining patents. Financing innovation of service or products is not funded in France.
- The process of fundraising is heavy, expensive, and very time consuming. We establish a business plan and a road map for the product to attract investors and not end customers.

**In your opinion, what are the advantages and disadvantages of crowdfunding in comparison with other traditional methods of financing as bank loans, venture capital and business angels?**

- **The advantages:**
  - Involvement of the final customer in the process = market validation.
  - Financing the intangible assets
  - Financing innovation service or products.
  - Much less personal guarantees to give
- **The cons:**
  - The amounts raised are low. Some large projects raised a lot of money.
  - The establishment of a campaign takes time.
  - This is mostly B to C projects that can be financed on these platforms. I can’t imagine web users finance software for real estate agents.

**Do you think crowdfunding can be used by both companies that are not established by existing firms?**

- Statistics show that to launch a crowdfunding campaign it is better already to have an established community that will bring the first pull of the project.
- Like any funding I think we need to validate the market, having a first product before launching a successful crowdfunding campaign.

**In your opinion, what benefits can make a crowdfunding campaign in marketing, sales or R & D?**

- The market validation
- Validation of the product: the features with the ability to engage web users in the product road map
- In terms of sales, crowdfunding is clearly the first sales that develop the project.

**And what about disadvantages?**

- Expensive in terms of time.
- Discouraging in case of failure of the campaign.
- Requires an initial investment to set up the campaign: first beta product, prototype, demo video ...
An important point in the development of a start-up is the notion of “pivot” (change of direction if we identify a different promising market). I think that funding crowdfunding limit this “pivot” that can be key.

As an example, if we proposed a mask that can breathe under water and we finally released a mask that allows the fire-fighter to breathe in a fire = disappointment effect on audience.

*In your opinion, what a start-up should highlight when it seeks to raise funds through crowdfunding?*

- The value proposition
- His team and the people who support
- His first performance and traction

*What about intellectual property? Have you seen or heard of theft? Is it possible to counter them?*

- The experience and readings devoted to the launch of start-up tells us that the idea does not really matter. Only the founding team and the implementation of the idea count.
- So I do not think we should be afraid to fly the idea. In the case of disruptive innovation, industrial innovation ... I think other financing methods are more suitable.

*According to you, how the money raised through crowdfunding can be used? Are there any restrictions?*

- Not that I know.

*Do you think that entrepreneurs usually ask for money for the entire initiative or rather to finance a part? Why?*

- It depends on the type of project.
- I think crowdfunding is a good way to finance a start-up at initiation. Typically venture capital or business angel does not go on this type of project too risky financially.
- Have completed an exercise in crowdfunding is my springboard to get another kind fundraising as series A.
In your opinion, each initiative of crowdfunding creates a kind of community? What are the benefits that it brings?

Yes, I think it’s creating a community around the project is the key to funding via crowdfunding. The benefits of this community bring are:

- First Customers
- Market Returns
- Competitive Advantage
- Show appetite of the market
- Allows you to receive early adopters who will spread after the project

What about the network created between investors? Do you think this may be beneficial?

- I do not know if in the case of crowdfunding you can talk about investor networks. The amounts generally remain low. This is the multiplication of small investors who are interesting.

Where the entrepreneurs may seek additional pieces of information about crowdfunding?

How can they update their knowledge?

- Google, blog, articles ... The establishment of a good watch with a tool like Feedly with the keyword “crowdfunding”

What are the legal considerations to follow in France? What are the legal limits?

- The amount of loans between individuals is very limited for the lender and the borrower.

In your opinion, is the crowdfunding in France a good tool to boost innovation and / or creation?

Yes it is a good way to educate individuals in financing SMEs or innovative projects.

For cons, the crowdfunding France did not meet, I think, American success:

- We are few = that limits the amounts
- We are not a land of entrepreneur ... So it is less easy to finance companies
- The fear of risk: This type of investment is investment in “high” risk. We are far from “Livret A” (i.e. saving deposit account)

Now, what are the threats to its development?

- Then the legislation will play a key role. If the investment is taxed when they are too risky they never take off.
And even if the taxation remains flexible investors wait before jumping on a potential new tax shelter ... for fear that the tax rules will changed very quickly.

In 2013, the website Entrepreneur.com stated that the crowdfunding is the primary means of funding start-ups in the U.S.; do you think that France can also follow this example?

- Given the small number of boot fundraisers in France, yes. However, for more substantial funding

In your opinion, what are the main motivations for entrepreneurs to use this means of funding?

- I think the first motivation is to prove the viability of the market. If we are funded, we prove that our product meets a great success even before it was developed. It is more reassuring than to develop its product launch to see that does not respond to market.

Do you think this phenomenon has a future? Why?

- Yes, I think that this type of financing will grow in the future.

In your opinion, is crowdfunding a real alternative or additional funding for a start up?

- This is an opportunity for early stage financing. The entrepreneur will, whatever happens, needs other types of financing.

Today the global crowdfunding market represents $ 5 billion and according to Forbes magazine, the market could reach $ 1,000 billion in 2020. What these figures inspire you?

- It's time to prepare crowdfunding campaigns
- That new position is going to develop: fundraiser by crowdfunding
- That competition between projects will be increasingly tough.

3. Interview of Chloé WEISS - French Crowdfunder (March 2014)

Can you briefly introduce you?

- Chloe, 25. Assistant stage manager and assistant decorator on shoots; others time as designer jewellery and other time as travelling (if possible).

What is the link between you and the crowdfunding?

- Crowdfunding is familiar to me because I am very interested in art projects that stand out and need support.
When did you heard of crowdfunding for the first time? Where did you heard about this concept?

- The first time I heard of crowdfunding was about four years (2010) falling on a blog that promoted creative editing an e-newspaper (Paulette Magazine). The project seemed interesting, I participated and continued to take an interest in this kind of cultural and artistic projects in need of boost. I find it fascinating to learn about the various new and ambitious ideas.

What French crowdfunding platform do you know?

- Ulule, My Major Company, Kiss Kiss Bank Bank, Potcommun.fr

Have you ever contributed financially to a project via a crowdfunding platform? Which platform?

- Yes I have contributed financially to projects producing short films, support FIFIB, publishing the newspaper Paulette ... but also birthday gifts via platforms such as Ulule or PotCommun.fr.

What do you like the most in the concept of crowdfunding: the solidarity side, the innovation, the creativity, the technology employed?

- What I like in crowdfunding is the dimension of solidarity in wanting to help projects that appeal to their innovation and artistic creation.

What are your reasons to invest in a project?

- Participation in business creation, Taking part in a community, The relationship you have with the project leader,
- Being able to help someone motivated to realize his dream as I would like one day you help me achieve mine. It's the return of the exchange of good practices. A kind of utopia is possible.

What would be your fears in relation to a project: lack of knowledge in the area, lack of confidence vis-à-vis the project developers, the financial risk?

- Lack of knowledge in the area
- Lack of confidence vis-à-vis the project developers

For donations or voluntary project, how much you are ready to give?

- Less than €100
For a loan?
- Less than €100

For a company with a return on investment?
- Less than €100

For a reward based project?
- Less than €100

Have you ever invested in a project that provides compensation as a reward? Have you received the award? Are you satisfied?
- As part of the realization of a short film of a friend, he proposed for such amount, sent to the poster of the film. I refused the reward in order that the project manager uses to promote the film differently. For the publication Paulette however, I accepted my three months of free subscription to the magazine.

Would you promote a project you funded? Why?
- Of course! I rarely involved myself in a project that I don't care very much about

What kind of project interests you most?
- Product development (Movie, Album, Object…)
- Service development (Apps, educative project…)
- Event development (Festival, Concert…)
- Charity fund development

If you create a project, do you seriously think about crowdfunding? Why?

I think so because:
- This is interesting for me
- The more the public is invested in the project, the more it is appropriated and the work he is then accessible
- It helps to promote the work / project because I think crowdfunding is also a communication tool.
In your opinion, what is a start-up should highlight when it seeks to raise funds through crowdfunding?

- I think it is important to highlight the message that the project developer tries to pass and the purpose of his mission. But the seductive side of rewards is also important to me.

In your opinion, is the crowdfunding in France is a good tool to boost innovation and / or creation?

- I do not know how it happens in other countries but I think that this tool is not sufficiently exploited in France and people don't know this tool. But yes, of course I think it's a great tool to boost innovation and creation.

Now, what are the threats to its development?

- The laws of copyright and security can be, in my opinion, as a threat to the development of crowdfunding. Suppose that an idea is humanly and economically revolutionary, I'm sure the government will do anything to derail it and the recognition back to someone else because it's too revolutionary, too innovative = a danger for many people.

In 2013, the website Entrepreneur stated that the crowdfunding is the primary means of funding start-ups in the U.S.; do you think that France can also follow this example?

- In the U.S., competition is something possible. The spirits of competition between new ideas are everywhere. Having lived five years in this country, I feel each time a little more when I dropped back by the amount of new services, new applications or new entertainment that are more numerous around the country, according to the «needs» of the population. Sometimes good, some ideas are frankly not necessary but it is interesting to see how the country is developing according to its new projects. I think in France, we are a little slow in this principle because we are not a competitive country and the competition is very tough. This is why I do not know if crowdfunding can work other than for cultural and artistic projects where there is a more respectful mind.

In your opinion, what are the main motivations for entrepreneurs to use this means of funding?

- Simply to realize his project.

Do you think this phenomenon has a future? Why?

- Yes, for me this phenomenon has a future because it helps people who have ideas but no diplomas, contacts and resources to realize their dreams
In your opinion, is crowdfunding a real alternative or additional funding for a start up?

- I think it depends on the size and scale of the project. In some cases, this may be sufficient; in others it is only a supplement but can also lead to other funding.

Today the global crowdfunding market represents $ 5 billion and according to Forbes magazine, the market could reach $ 1,000 billion in 2020. What these figures inspire you?

- Much hope! This is great! Confidence is back.

Do you have any other comments on the subject?

- No

4. Interview of Julien COUSSOT – French Expert in Crowdfunding (March 2014)

Can you briefly introduce you?

- Holds a Master's degree in Corporate Finance.
- Experience more than one year at the Caisse des Dépôts as Investment Manager Business.
- In charge of making the link between the 250 investments held by the Caisse des Dépôts and Businesses fundraising.

What is the link between you and the crowdfunding?

- Accustomed of the functioning of mechanisms to increase the equity financing through equity via convertible bonds funds, I worked as part of my job at the CDC to reference solutions increase the equity in companies (Investment Funds, Mutual Fund Investments, solutions of crowdfunding).

When did you heard of crowdfunding for the first time? Where did you heard about this concept?

- My first report with crowdfunding was with the innovative concept of My Major Company. Concept that has snowballed and was originally positioned on the funding of artists who turned out to give ideas to fund other projects, other concepts and in different forms.
- The U.S. participatory finance ways had already begun through some buzzes.
- This kind of phenomenon then gave wings to organize financial corporate finance in a participatory manner.
What French crowdfunding platform do you know?

- Ulule
- My Major Company
- Kiss Kiss Bank Bank
- Reservoir Funds
- Particeep
- Cowfunding
- Wiseed
- Sponsorise-me
- Kiosk to invest
- Anaxago
- HAPPY CAPITAL

Can you give me a ranking of traditional financing used by entrepreneurs from the most used to the least used?

There are two things to know about the top and bottom of the balance sheet...

- To finance the company it must have sufficient equity financing to enable leverage with banks and thus raise bank debt. The top sheet will be a sort of guarantee but also a proof of involvement in the project of the entrepreneur.

- It is possible to finance the long-term financing by the Convertible Bonds by the project manager or entrepreneur case including CB.

- The entrepreneur can also open its capital by integrating shareholders as the Friends and family, business angels and investors gathered together (e.g. France Angels or Finaqui in Aquitaine) and finally the professional fund often supported by institutional actors.

- It is also true that in order to finance it is possible to benefit from loan guarantees to allow a simplification of the impact on the balance sheet of the company.

What are the advantages and disadvantages of crowdfunding compared to other traditional methods of financing: bank loans, venture capital and business angels?

- The advantage of crowdfunding: changing investor behaviour. It should be understood here that in times of recession, crisis or simply changing global economy, people are trying to reassure by returning to a less globalized and therefore more self-sufficient system.
- This is why project finance more reassuring than investing in the markets or not (life insurance, pension funds). Crowdfunding brings this reassuring and rewarding proximity when projects are emerging and gaining momentum.

- Why reserve these new investments to finance professionals often criticized for their lack of judgment and humanity.

- Banks lend, it is a fact, they lend but with so many guarantees and always under the guise of rules imposed too often unknown to the general public (Basel III) it seems difficult to apply finance Start-Up or business innovative models without using early funds. Then it is easier to ask for seed funds or BA accompany you on this adventure with a much larger than funding risk-taking by bank loan.

- The crowdfunding solution wants to be close to all support and usable by all.

- The major drawback is possibly the great disparity of shareholders it is difficult to maintain as a business owner. Shareholders who do not help you in your daily management unlike sectored specific funds, which for once will be able to help you evolve. The disadvantage of crowdfunders side, those who finance, and it is also able to disengage easily, quickly as we can do with life insurance (Sometimes a small delay is required for redemption but a few days at most). Furthermore, it is still difficult to understand how remuneration is working.

Do you think crowdfunding can be used both by companies that are not established as by existing firms? What are the differences then?

- Crowdfunding can be used by companies to finance at start when it lacks evidence of the success of the project. (Lack of anticipation).

- Crowdfunding can also be used to finance companies with a history, but the amounts related to the development are often higher and more difficult to raise large amounts requested. This may involve higher and therefore more restrictive entry tickets.

What are the legal considerations to follow in France? What are the legal limits?

- It is true that there is in France regulations regarding ownership and therefore the number of potential investors.

- In addition, delays in implementing mutual fund can sometimes be an obstacle to the implementation of funds.
- Finally, funding through loans require companies to have regulations including rules of banking companies.

**What about taxes, is it beneficial for investors in France?**

- It is increasingly difficult in France to officially find solutions for tax relief and it is true that the fund can be a solution for investors but also for a certain category (those subject to the ISF (i.e. high income tax))

- For others, it is more obvious to interest them to investment through small samples or return fast interests for example. Rare are altruistic investors.

**In your opinion, what benefits can bring a crowdfunding campaign?**

- A real crowdfunding campaign can bring notoriety to products and customers. These customers must be tempted, solicited, motivated to buy. A crowdfunding campaign that involves indirectly. Communication will talk about the concept, the product and therefore could eventually create the need and desire.

**And what about the disadvantages?**

- If you want to start a crazy project and you talk too it is possible it could be copied or overtaken by people who already have the resources you are looking to launch a similar concept.

- A crowdfunding campaign can also give a clue to the structure of your financial plan, the expected margins and thus lower your future sales.

**Do you think crowdfunding is a consequence of the crisis? Is it positive or negative?**

- Crowdfunding is clearly a consequence of the crisis, a response, a tool for private investors or disillusioned by financial scandals widely disseminated by the media.

- Indeed, crowdfunding can invest without going through the markets by providing proximity investment, identifying the different actors.

- Loss of market confidence following the crisis discouraged investors reducing the amount invested. The solution can create a new investment vehicle for money sleeping.

On February 14th 2014, Fleur Pellerin, the French Minister of SMEs and digital innovation has issued a reform that liberalized legislation of crowdfunding in France, what do you think of this?
- The authorization for individuals or businesses to collect up to €1 million and a maximum donation of €1,000 per contributor thereby increase the researched amount and thus help finance projects that require fast but intensive growth in cash.

- Concerning the “equity” participation in a company, now platforms benefit from a new status without a minimum of capital and tools for decision support for investors. It’s a legislation reduction following the same movement to reduce delays validation for Mutual Funds with the AMF\(^{29}\) (Financial Regulator) and the Prudential Supervisory Authority\(^{30}\).

- The Minister also announced the creation of a label for platforms that will comply with the new legal framework that looks like another government label that did not work ... This label should not enter in effect before 1\(^{st}\) July 2014, when the orders containing all measures will be published in Official Journal.

Do you think that France could become an example for other countries in terms of regulation of crowdfunding?

- Regarding the ambition of France to become the world leader in terms of regulation of crowdfunding, I think that it can be complicated especially since France has already lags behind other countries like the United States.

- For me, it is necessary to educate individuals (future “crowdfunders”) to change their way of saving but in doing that, they could like it and move away from the banks...

Do you think it would be a springboard for employment in France?

- A springboard why not, provided that the crowdfunding finance major projects in terms of employment.

- It is necessary for it to select projects that will require a variety of skills.

\(^{29}\) Source: http://www.amf-france.org/en_US/?langSwitch=true

And what about the competitiveness?

- Why not but the real question is who should provide this boost competitiveness government or individuals. Competitiveness will not be increased with the reforms created by the government. (Removing the tax exemption scheme, 35 hours a week, reduction of tax loopholes related to capital investment, ...)

French people are the world champions in terms of savings; do you think they would be willing to invest their savings in the crowdfunding? Why?

- The negative image of the “risky” investments by banks has largely contributed to highlight proximity investments. Even if the risk is high. The profitability of investments in savings are low, the profitability of capital investments significantly higher in relation to the rule of the CAPM (Capital Asset Pricing Model). It still requires that investors accept the hypothesis non negligible loss of their investment.

What link there is between the French Public Investment Bank and crowdfunding in France?

- There is a public investment bank (called “BPI”) which has emerged with the new government in place and whose purpose is to boost the investment “Made in France”. For this, the minister has set up a website that brings together all the interesting crowdfunding projects in France (“Tousnosprojets.fr”) which will increase the number of funds and contributors. Moreover, this organization aims to develop the Social Solidarity Economy, giving a boost to this type of funding (donation, loan, and investment) for projects that have a positive impact on society.

- To summarize, BPI France is responsible of referencing and supervising French crowdfunding platforms. This status places this bank as the first investor in French companies, but it is still difficult to finance a business start.

Recently, the Chamber of Commerce and Industry of Caen launched its own crowdfunding platform (Kiosk to invest) to boost its economy at regional level, what do you think? Is this a good idea?

- It may be a good approach, but we lose the first value of crowdfunding which is funding by individuals for entrepreneurs.
- The chamber of commerce and industry are already caring for assisting and advising entrepreneurs in their efforts to create before trying to help funding.
- Institutional actors already helping these designers through grants or loans of honour

31 Source : http://www.bpifrance.fr/autre/bpifrance_in_english
32 Source : http://tousnosprojets.bpifrance.fr/
In your opinion, is it a good tool for innovation and creativity?

- Crowdfunding clearly can compensate for the lack of funds that can bring Friends and Family. In addition, this system allows you to go where finance professionals from the bottom of the balance sheet do not dare venture

Now, what are the treats for its development?

- The decrease in benefits to capital investment.
- The response of bank players who lose market share.

In 2013, the site Entrepreneur stated that the crowdfunding is the primary means of funding from start-ups in the U.S.; do you think that France can also follow this example?

- France could follow U.S. if the tax laws were the same, i.e. it is not the case even it’s still too high.

In your opinion, what are the factors that lead entrepreneurs to use this funding technique?

- Freedom compared to banks that scare or annoy often entrepreneurs.
- In addition, this financing technique provides investors who take risks to the side of the entrepreneur risking funds and non-bank lending funding guaranteed.

Do you think this technique has a future? Why?

- This technique has a future in times of crisis, but once the storm has passed, investors will re-make the same mistakes as before.
- Unfortunately, solidarity and mutual work on a short time to wait for a recovery.

In your opinion, is crowdfunding a strong alternative or additional funding?

- Crowdfunding is a supplement than an alternative.
- It is difficult to want to fund only through this system by hiding the banks financing the bottom of the balance sheet.
- More crowdfunding as investment funds require high returns and weighing on profits reinvested in the business for its proper development.

Today the global crowdfunding market represents $ 5 billion and according to Forbes magazine, the market could reach $ 1,000 billion in 2020. What these figures inspire you?

- The desire to be part of the adventure
- But seriously I hope that the ideals of sharing and participation will not stop to the financing and the search for profitability.
Do you have any other comments on the subject?

- Crowdfunding, mutual funds, the Investment Fund, bank loans etc. enable companies to create and develop but today there are so many actors that became a real obstacle course and a full-time job of trying to finance his business.

- Banks should highlight the criteria of validation instead of rejecting files without valid answers.

- It's like this, with this transparency that I mention that companies can raise or easily create.
5. Learning styles questionnaire by Mumford and Honey

This questionnaire is designed to find out your preferred learning style. Over the years you have probably developed learning habits which help you benefit more from some experiences than others. Since you are probably unaware of this, this questionnaire will help you pinpoint your learning preferences, so that you are in a better position to select learning experiences to suit your style.

There is no time limit to this questionnaire. It will probably take 10-15 minutes. The accuracy of the results depend on how honest you can be. There are no right or wrong answers. If you agree more than you disagree with a statement, put a tick by it. If you disagree more than you agree put a cross. Be sure to mark each item either with a tick or a cross.

1 I like to be absolutely correct about things.
2 I quite like to take risks.
3 I prefer to solve problems using a step by step approach rather than guessing.
4 I prefer simple, straightforward things rather than something complicated.
5 I often do things just because I feel like it rather than thinking about it first.
6 I don't often take things for granted. I like to check things out for myself.
7 What matters most about what you learn is whether it works in practice.
8 I actively seek out new things to do.
9 When I hear about a new idea I immediately start working out how I can try it out.
10 I am quite keen on sticking to fixed routines, keeping to timetables, etc.
11 I take great care in working things out. I don't like jumping to conclusions.
12 I like to make decisions very carefully and preferably after weighing up all the other possibilities first.
13 I don't like 'loose ends', I prefer to see things fit into some sort of pattern.
14 In discussions I like to get straight to the point.
15 I like the challenge of trying something new and different.
16 I prefer to think things through before coming to a conclusion.
17 I find it difficult to come up with wild ideas off the top of my head.
18 I prefer to have as many bits of information about a subject as possible, the more
I have to sift through the better.
19 I prefer to jump in and do things as they come along rather than plan things out
in advance.
20 I tend to judge other people's ideas on how they work in practice.
21 I don't think that you can make a decision just because something feels right. You have to
think about all the facts.
22 I am rather fussy about how I do things - a bit of a perfectionist.
23 In discussions I usually pitch in with lots of ideas.
24 In discussions I put forward ideas that I know will work.
25 I prefer to look at problems from as many different angles as I can before starting on them.
26 Usually I talk more than I listen.
27 Quite often I can work out more practical ways of doing things.
28 I believe that careful logical thinking is the key to getting things done.
29 If I have to write a formal letter I prefer to try out several rough workings before writing
out the final version.
30 I like to consider all the alternatives before making my mind up.
31 I don't like wild ideas. They are not very practical.
32 It is best to look before you leap.
33 I usually do more listening than talking.
34 It doesn't matter how you do something, as long as it works.
35 I can't be bothered with rules and plans, they take all the fun out of things.
36 I'm usually the 'life and soul' of the party.
37 I do whatever I need to do, to get the job done.
38 I like to find out how things work.
39 I like meetings or discussion to follow a proper pattern and to keep to a timetable.
40 I don't mind in the least if things get a bit out of hand.

**Scoring**

For each question you ticked on the other sheets, put a '1' beside the question number on this sheet. Put nothing for crosses. Add up the 1s in each column.

- Theorist :8

- Pragmatist :6

- Activist :4

- Reflector :10