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"SIEPOMAGA.PL" AND FACEBOOK AS THE MOST POPULAR AND SIMPLEST NON-PROFIT CROWDFUNDING PLATFORM IN POLAND

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Abstract:

The internet platform "siepomaga.pl" is the largest nonprofit platform in Poland based on crowdfunding. Its goal is to create the largest community of people sensitive to others and animals. It is an activity aimed at collecting funds through fundraising organized in a network, using social networking sites, specially dedicated to social support. The main objective of this case study is to contextualize the use of digital platforms within the social help strategies employed by nonprofit organizations in order to encourage individual civic participation – through volunteer monetary donations - in donation-based crowdfunding campaigns. The next goal is to show the similarities between the collection of donations by the most popular social networking site and the most popular nonprofit crowdfounding platform in Poland - siepomaga.pl.

1. Introduction

Crowdfunding (CF) arises in the new digital sphere as a tool for the online funding of resources, goods and services (Salido-Andrés, Rey-García, Alvarez-González, & Vázquez-Casielles, 2019). CF is a form of raising funds for the implementation of a given project using specially created websites and online communities. Crowdfunding changes abruptly how capital is assigned and represents a viable alternative in channeling outside capital to entrepreneurial ventures (Belleflamme, Lambert, & Schwienbacher, 2013). Crowdfunding assumes the allocation of funds distributed voluntarily to finalize the project in the form of low-capital and high-frequency payments, and the degree of crowd-out facing any organization depends on the direct reaction of donors to the alternative funding and the indirect reaction of donors based on the response of the non-profit (Hughes, Luksetich, & Rooney, 2014).

The project can be cultural, business, scientific or social, among others. Film and music productions, research, development of computer software, websites, organization of mass events, construction of public facilities and even election campaigns can be financed (Rey-Martí, Mohedano-Suanes, & Simón-Moya, 2019; Sanzo-Perez, Álvarez-González, & Rey-García, 2015). The establishment of a new company, as well as the development of a new activity within an existing one, the implementation of a specific order, the renewal of the machine park or the launch of a new product or service may be financed. Achieving success is possible when we are well prepared and involved. Some literature mentions that promoters contribute more when the requested amount is set at a higher level (Makýšová & Vaceková, 2017), which, somehow, builds the credibility and transparency of the project. The main advantage of crowdfunding is the relatively simple path to obtaining the desired financing (Salido-Andrés et al., 2019), and the main disadvantage, is that you never know if investors will be willing to invest in the project (Zhou & Ye, 2019).

The literature on crowdfunding is still developing (Belleflamme et al., 2013), and in this work we consider crowdfunding as an open call, which raises capital through accumulated small contributions donated or invested by a large number of individuals, essentially on the Internet (Belleflamme et al., 2013; Zhou & Ye, 2019), for the provision of financial resources either in the form of donation or in exchange for some form of reward and/or voting rights to support initiatives for specific purposes. In order make this operation possible, aside the creators and funders, a third component—the platform—is necessary to make crowdfunding possible (Rey-Martí et al., 2019), the platform is the visible face of the intermediary, which is the organization that manages the crowdfunding process and enables connections between creators and funders. There are many definitions of crowfounding. CF is still a young phenomenon that each of us can define in our own way, while maintaining its constant elements (Frańczuk, 2014):

1. Crowd support is always financial.
2. Collection is carried out via the Internet.
3. Supporters receive various awards for their payments (so-called returnable benefit).
4. The action is placed mainly within a specified period of time.
5. The funding campaign is open (a wide community of message recipients) at two levels:
   a) anyone can donate from any place and in any amount;
   b) we know by whom the money is collected, for what purpose and what amount of money is to be eventually collected.

For the first time, crowdfunding took place in the United States in 1997, when fans of the British rock band raised $ 60,000 on the Internet to finance the band's concert tour in the United States (Landstrom, Parhankangas, & Mason, 2019). Later, the band used this funding method to create their albums. After three years, in 2000 the first crowdfunding portal for artists was created. Until 2009, this model was mainly used by artists, only the start of the kickstarter platform (now the most popular in US) had an impact on the broad development of socially financed projects. Since 2010, crowdfunding internet platforms have also started to appear in Europe (Meer, 2014). Raising public funds from an engaged community that supports a common goal is nothing new.

It is worth distinguishing financially social categories. The most correct classification is the division due to these circumstances, obtaining the return value, the following types of crowdfunding can be indicated (Frańczuk, 2014):

1. **Donation-based crowdfunding** - financing is completely philanthropic. In principle, the community does not receive any mutual benefit, it can only count on a symbolic reward (e.g. thanks). In this way, charity or scientific projects are most often implemented. An example of a Polish crowdfunding platform might be the portalressedka.pl. A successful campaign of this type was to finance the reconstruction of a burned restaurant called Zuom in Poznań. Beneficiaries managed to obtain over 60,000 PLN from planned 35 thousand PLN.
2. **Rewards-based crowdfunding** - the funder receives a pre-determined type of gratification, depending on the amount of funds paid, which is a consideration - a reward. Most often, the service is not completely maneuverable. The objective value of the prize is much lower than the funds invested. This is one of the most popular crowdfunding models on the Polish market (e.g. the polakpotrafi.pl portal). An example of a successful campaign of this type could be obtaining about 60 thousand. PLN for the implementation of the short film Fri. A fanatic who subsequently found widespread distribution (e.g. on the Showmax streaming portal).
3. **Pre-sales crowdfundig** - financing the delivery of funds for products covered by the service, services that are performed by users and their mutual services. Campaigns covered by this model are associated with the minimum amount collected, exceeding is necessary to withdraw funds and start the project (the all-or-nothing principle). The American portal kickstarter.com operates in this model. Similarly financed products of many computer games - the version may be Pillars of Eternity, which was produced after its creators obtained results at the level of almost $ 4 million.
4. **Crowdinvesting, capital crowdfunding** - financing in exchange for its support offered by the forms offered in the enterprise. Investments covered by part of the control over the user company and awaiting results ended by the subsequent sale of the lives of participants / shares or received dividends paid by the company. This is how beesfund.com works. An example of a successful crowdfunding action and 400,000 PLN of the collected coverage may be the issue of shares of Escola SA - covering mobile applications on the Polish market
5. **Crowdlending, socialallending, peer-to-peer** - the provision of financial services to beneficiaries is returnable - it is available as part of all available services with pre-defined percentages. In practice, there are many different types of peer-to-peer loans and platform dependent crowdfunding platforms - most often it is about whether it enables intermediary functions, as well as investment functions in a group that meets certain criteria. Lendingclub.com is the largest platform based on these assumptions.

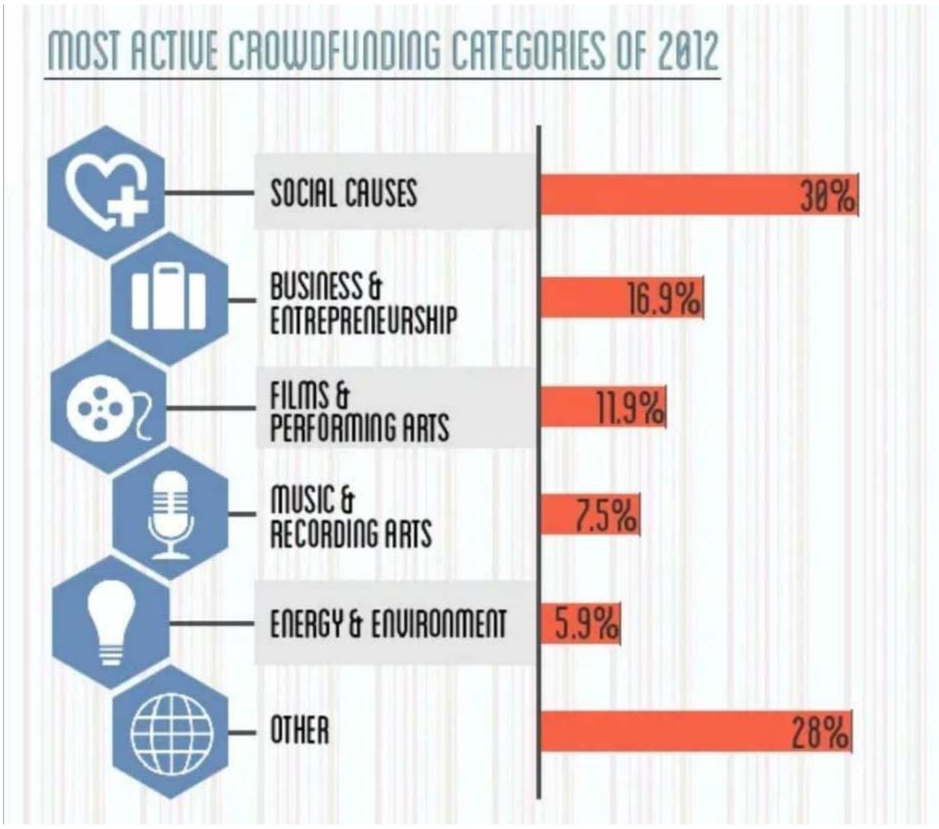
Non-profit organizations in particular are becoming aware of the opportunities derived from utilization of crowdfunding tools such as social media and digital platforms to assist with fundraising, volunteer recruitment, and to foster interaction with their community.

2. Case development

The Siepomaga.pl portal was created in the year 2009, when crowdfunding activities were unknown in Poland, and the internet in charity was used as an information relay and not a tool to raise funds. This platform is owned by a foundation with the same name. The purpose of its creation was to raise funds by public benefit organizations. It was necessary to teach NPOs how to operate and the possibilities of Siepomaga.pl, as well as to authenticate online. Siepomaga operates based on the act on public collections. But this type of activity is still not fully regulated in Poland. This gives a lot of freedom to such internet platforms. The organization that registers on Siepomaga.pl sets up its profile - a business card. Through this profile you can support the statutory goals of this organization by transferring any amount. If the organization wants to post a call for help for a specific mentee or collect funds for a specific initiative, it applies to MAiC for nationwide consent for public collection. Based on this consent, it can collect funds on Siepomaga.pl. The helper pays any amount for a specific purpose by transfer, without obtaining mutual benefit. This is how public collection works. Of course, maintaining such a platform is also associated with costs. The portal is supported by sponsors and by themselves donors, because 1.7% - 5% is allocated to the maintenance and development of the platform.

Who can run projects? Nonprofit organizations with legal personality. Individuals who need financial support, e.g. for treatment, must first find an NPO that will provide legal protection. It is worth remembering that each organization is verified at the time of registration on the platform. Thanks to this, donors can be sure that the money they transfer will go to trusted hands. That is why it often happens that cooperation ends after the organization ceases to be credible or its activity is unlawful.

Figure 1. Most active crowdfunding categories



Source: [https://i2.wp.com/crowdfunding.pl]

Figure 2. Initial screen from the official website of siepomaga.pl

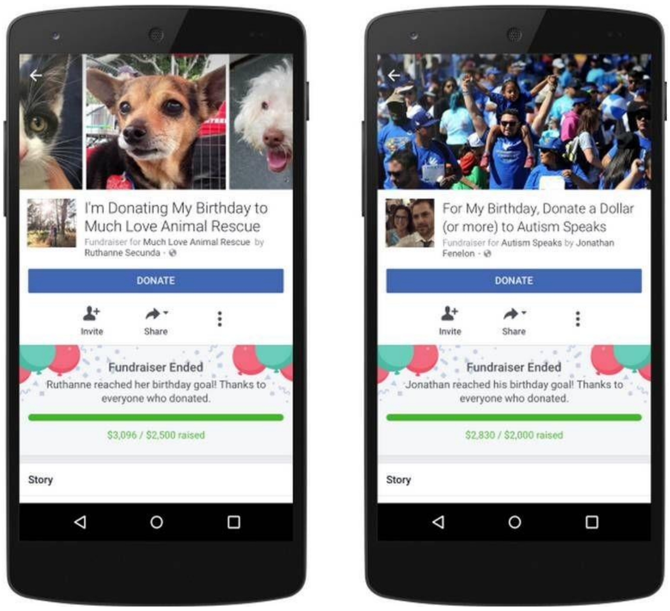
Source: [http://www.siepomaga.pl], as available at 29/12/2019.

What type of projects can be submitted on the platform? Siepomaga.pl is a charity platform and mainly charity projects are submitted. Help applies to both humans and animals. There are social and cultural projects, but quite sporadically. Currently, Siepomaga.pl has its business cards of over 800 nonprofit organizations from all over Poland, which have submitted 670 projects. Charity goals can end with a specific date or amount collected. Every 2-3 goals end with 100% of the collected amount. The number 100% is often achieved in projects that are about saving children's lives, especially when surgery is impossible in Poland and patients have to go outside the country. The needy struggling with cancer are also receiving great support, and there is a growing number of them, both small children and adults. There is also a group of people who only support animals.

Once a project appears on the platform, it is not left alone. Due to ongoing media activities, projects have the opportunity to collect the entire required amount. Without media support, many projects would end without success. Poland is a rather specific country in which technological innovations are delayed as compared to other EU countries. However, Polish are slowly becoming convinced of the idea of crowdfunding. "Looking at the stage at which crowdfunding was, when the Siepomaga.pl platform was launched, and at what time it is now, it can be said that Polish more and more often use online help. The idea of dropping together on a given goal is becoming more and more known and gives people fun."

In 2017, charity birthday gatherings were launched on **Facebook**, which have not gained much popularity in Poland yet, although their popularity is still increasing. The system is based on the fact that the birthday person can create a charitable birthday collection, which can be paid by his/her friends. Such a collection can be created not only on the day of birth, but the birthday seems to be a great idea because many of the friends/contats will visit their profiles in this special occasion, so the project will gain visibility. During the first year of birthday collections, $300 million was collected for charity. Facebook reminds that since November 2019 it has abolished all commissions, so from now on the entire amount paid as part of the collections goes to the foundation.

Figure 3. Example of birthday donate from Facebook



Source: picture from google - example of facebook birthday's donation

You can only support foundations and public benefit organizations that are officially checked and approved by Facebook. The list is constantly updated and modified. Similarly, to the siepomaga.pl platform, the credibility of the organizations to which donations are sent is monitored. In the case of Facebook, there are more stringent conditions to be met. This is due to the fact that Facebook is a global brand and there is no space for ambiguities related to charity.

Facebook is currently expanding the ability to donate. The birthday collection option described above is one of the first of these options. In addition, there is the possibility of donations that are not related to making donations on your own birthday. Those are:

- Both people and Facebook pages can now add a "Donate" button to their post to quickly collect donations. The button can be pinned to any text - including a movie, photo or text.

- NPO sites can add a "Donate" button in the header of your Facebook page. People visit the organization's pages because they are interested in their activities or because of current events, so the button placed there allows for easy and quick support of the organization.
- "Donate" button in live broadcast: to easily collect grants during live broadcast, people and verified pages of the organization can also include a donation button for broadcast - viewers can provide support during and after placing on the page.

The development of the help strategy through facebook is the result of huge interest in such possibilities by users. Popularization of global social networks affects the development of these sites so that users can "at once more and more". All Facebook tools for NPOs are of course free - Facebook doesn't charge any fees for brokering donations.

3. Questions for discussion

Question 1. *Are the simplicity of online platforms and the low technological progress of nonprofit organizations a decisive factor explaining the success of campaigns based on donations via digital platforms?*

Earlier research has identified several groups of factors that determine the success of offline fundraising campaigns for social causes, including the where, whom, where and how (Salido-Andrés et al., 2019). At the same time, NPOs normally deals with scarce resources (Macedo & Pinho, 2006), therefore the online context can be an excellent opportunity, since the creation of the Internet as an information technology, it has become a tool which uses its influence on virtually all aspects of human life (Silva, Proença, & Ferreira, 2018).

In a context of resources shortage, NPOs often limit their development in digital technologies to a minimum. They use a website, electronic mail or banking that will undermine the basic functions of computers with the internet. This fact is often associated with the fact that these organizations are not profit-oriented and therefore do not have adequate resources for development. That is why CF platforms are so popular, since they give the opportunity to get donations and reach a large number of potential donors by NPOs.

Platform siepomaga.pl is a simple way to promote fundraisers by foundations that are not able to participate on the internet on an appropriate and ample scale. Therefore, the role of external digital platforms in the success of charity campaigns seems to determine the lack of technology adoption programs in NPOs.

Question 2. *Are CF platforms always nonprofit organizations or can it be a business zone?*

Literature shows that nonprofit campaigns appear to have above-average success at raising funds from the crowd (Belleflamme et al., 2013), also, in terms of the average amount received per funding provider and the probability of reaching the desired funding goal, nonprofits can be more successful, however they also have fewer funding providers and obtain lower total funding amounts (Pitschner & Pitschner-Finn, 2014). Also, generically most of the campaigns tend to focus on social causes that involve a very limited volume of potential beneficiaries in need (Salido-Andrés et al., 2019). At the same time, maintaining such type of platforms also involves costs. The question is from what source does the platform earn money for functioning? On the example given, the siepomaga.pl portal is supported by sponsors and donors themselves, because 1.7% - 5% is allocated to the maintenance and development of the portal. This percentage is taken from each collection. The second way is to place paid ads on platforms that do not charge any of the parties' donations. Charity collection portals try not to deduct commissions but look for ways to function without unnecessary burden on donors. Crowdfounding can have other forms, as described above:

- Rewards-based crowdfunding,
- Pre-sales Crowdfundig
- Crowdinvesting, capital crowdfunding,
- Crowdlending, socialallending, peer-to-peer.

These types focus on crowdfunding but there is always a return value, whether in the form of company shares or return on profits. Profit, therefore, depends on the type of crowdfounding platform.

4. Conclusions

Crowdfunding does not consist of mere advantages but is confirmed on a global scale as a great opportunity in the social, cultural and business aspect. The success of platforms promoting creative projects abroad shows that this model has been adopted by both - the financial market as well as the nonprofit sector. Is important to mention that, this kind of CF via digital platforms seems to be neither adjusted to economic oscillations, nor associated to particular periods of the year, as opposed to offline fundraising campaigns, and these insights rare very important and might have managerial consequences for the organizations.

Crowdfunding is also coming to Poland is becoming more and more known, and the popularity of crowdfunding platforms such as siepomaga.pl or fundraisers on Facebook is increasing month by month. This process deserves serious considerations on its effectiveness and the best ways to implement it. As a result, foundations and charitable organizations have been able to reach people interested in supporting their activities faster. Crowdfunding is a suitable solution for entrepreneurs who want to finance and popularize a single project, believe in the marketing value of crowdfunding campaigns. Crowd financing does not guarantee success. You should read the good practitioners in the preparation of effective crowdfunding campaigns.

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