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Crowdfunding for Music Artists

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Many unsigned or independent music artists struggle to finance studio time, recording an album, touring the country or even promoting their music locally. The struggle can push some artists to treat their talents like a hobby or even give up the dream of performing professionally. Others work full- or part-time jobs to raise the money themselves while playing small gigs for little pay. Some industrious artists use crowdfunding websites to raise the capital necessary to fund their talent.

What are Crowdfunding Websites?

Crowdfunding websites are online portals through which companies and individuals raise money from members of the public. With most crowdfunding sites, the artist creates a campaign in which the public can invest and receive some good or service in return. There are also websites where the public receives equity in the artist's project in return for their contribution. This article, however, only focuses on the rewards-based websites. There are dozens of sites, but only a few stand out for their focus on music.

Kickstarter

The best known crowdfunding website is "Kickstarter.com." The project creator sets a funding goal and a deadline for the project, and the fans/investors/backers pledge money by credit card toward the project. However, this site is structured as an "all or nothing" funding program. If the funding goal is not met by the deadline, then no money is received by the artist, and the investors are not charged for their pledges. If the funding goal is met, the "backers," credit cards are charged when the deadline expires. Kickstarter boasts a high success rate, with forty-four percent of the total projects posted reaching their funding goals. Kickstarter is compensated through a 5% fee charged on all the funds collected through the campaign.

Indiegogo

Indiegogo is a crowdfunding website that is often used for music projects, but the site can be used for any type of campaign. Indiegogo's community is one-sixth the size of Kickstarter.com's community. The artist chooses either a fixed, ("all or nothing") or flexible funding structure. The fixed funding structure is similar to Kickstarter's structure. If the monetary goal is not met, all contributions are refunded and Indiegogo does not charge the artist a fee. However, if the funding goal is met, Indiegogo receives a 4% fee on all funds collected through the campaign.

Under the flexible funding structure, Indiegogo gives the artist the option to accept less than complete funding but suffer a penalty in the form of a higher commission to Indiegogo. If the funding goal is met, Indiegogo collects a 4% fee and the contributors are charged. If the goal is not met, the artist retains any

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funds raised, but is charged a fee of 9% on all funds collected through the campaign. Other music crowdfunding websites with similar structures include: RocketHub, Sellaband, and PledgeMusic.

GigFunder

GigFunder uses a different model than Kickstarter and Indiegogo. Gigfunder is not focused on raising funds for projects, but instead helps the artist fund specific performances. Artists post their estimated touring expenses and availability within set time periods (though not a specific date) on Gigfunder. The artists' fans then create campaigns to bring the artist to their geographical area. If a campaign reaches the funding criteria required for a certain area, then the artist will go to that location and perform. This is a win-win for both artists and their fans. If the funding campaign is successful, GigFunder charges artists a 7% success fee, and PayPal charges the artist an additional 3-5% processing fee. If the funding requirement is met, and the artist cancels the show for any reason, the artist is solely responsible for returning the money to the contributors. Like Kickstarter and the fixed funding structure with Indiegogo, the contributors are not charged if the particular campaign does not meet the fundraising goal on all the funds collected through the campaign.

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