Fund It Forward: Designing Business Model Enabled Crowdfunding Campaigns for Long-Term Wins

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Abstract

This paper offers evidence-based guidance for entrepreneurs using reward-based crowdfunding to launch or grow their businesses. While many campaigns successfully raise funds, a significant number fail to deliver the promised product. Drawing on academic research and two case studies, Coolest Cooler and Ooni, the paper emphasizes that aligning crowdfunding campaign design with the different elements of the business model is essential for long-term success. We propose a practical roadmap to help entrepreneurs move beyond initial funding goals and focus on product delivery, operational stability, and strategic growth after the campaign concludes.

Introduction

One of the challenges for startups and entrepreneurs is funding their firms. While they are able to come up with great ideas and are able to design products, many fail to raise money to implement and grow their ventures. This may lead to either the new firm failing to take off or failing to perform after the limited funds from their savings or friends and family are exhausted.

With the passing of the JOBS Act in 2012, it was made easier for small players like new firms, entrepreneurs, and other small ventures to raise funds from a large number of investors without going through the burdensome legal and SEC compliance process of an Initial Public Offering (IPO). With many investors pouring in small amounts of funds, firms are able to procure the resources to execute their projects. Such funding, generally known as crowdfunding, became widely popular through online platforms like Kickstarter and Indiegogo. There are many such platforms, some of them a boutique, specializing in specific domains.

Crowdfunding received a lot of attention from startups, entrepreneurs, and other small firms. Crowdfunding is growing fast. In 2022, the market expanded by about 34%, and it is expected to keep rising, by 16% each year 2025-2030. By 2030, the U.S. market is estimated to reach $3.6 billion.[1] Since its inception in 2009, Kickstarter the leading crowdfunding platform based in the U.S., has helped entrepreneurs raise more than $5 billion.[2] Crowdfunding also caught the attention of academics who studied various facets of the funding process. The studies often examined the conditions under which crowdfunding campaigns are more likely to be successful.[3,4,5] Several factors, such as the use of social media and external endorsements to create initial momentum, can significantly increase the success of reward-based crowdfunding.[6-10] Other benefits of reward-based crowdfunding beyond money such as generating ideas, advertising the product, and building a community of supporters have also been researched.[11]

While we have gained reasonable knowledge about the process and the conditions of success in terms of securing funds, we know little about the outcomes beyond the funding. Quite a few firms that are able to raise funds, sometimes beyond their original goal, are unable to keep their promises to the backers or customers. They fail to either make the product/service as promised, go beyond the budget and cannot provide the reward at the indicated price, or fail to scale up in a timely manner.

To tackle this gap, in our study we review the academic literature and propose a business model enabled crowdfunding campaign framework that will not only inform the fundraising but also ensure the success of the venture once the funds are in place. Rather than solely focusing on factors that help campaigns raise funds, this framework helps entrepreneurs design their campaign to be aligned with different elements of the business model, including how the venture plans to operate and capture value after the campaign. This framework provides a step-by-step set of decisions entrepreneurs must make when designing reward-based crowdfunding campaigns. Unlike general business model frameworks, which offer broad components for planning, our framework specifies the exact crowdfunding-related decisions, such as reward structure, pricing, scale, funding goals, and delivery commitments, that entrepreneurs must address and align.

We further illustrate the practical relevance of this framework through two contrasting case studies: one failed crowdfunding project and one successful project. These cases demonstrate how misalignment between campaign promises and different aspects of the business model can lead to post-campaign problems or failure. In addition, we operationalize this framework through a diagnostic checklist that entrepreneurs can use to assess whether critical business model elements and campaign design choices are aligned before launching a campaign. The checklist is based on common challenges faced in prior crowdfunding campaigns and allows entrepreneurs to revise campaign design before launching the campaign and making public commitments.

Different Types of Crowdfunding

There are different types of crowdfunding campaigns: 1) Donation-based crowdfunding focuses on donations for charitable reasons. Donors contribute money without expecting any financial return or rewards. In donation-based campaigns, the campaign success relies mostly on building a group of supporters who have shared values and are interested in supporting external causes. Providing regular updates to keep donors informed on progress is an important success factor in donation-based crowdfunding; 2) Equity-based crowdfunding has backers provide funds in exchange for equity (ownership shares) in the business. In equity crowdfunding, entrepreneurs collect money from backers through a registered internet-based platform which is managed by a third-party intermediary; 3) Debt crowdfunding has individuals lend money to businesses or other individuals in exchange for repayment with interest; 4) Reward-based crowdfunding is a common crowdfunding model which offers rewards to the backers in exchange for their funding support. Here the firm is expected to build the product or service within the specified time frame to meet the expectations of the backers.[12] In our study we specifically focus on reward-based crowdfunding since it has high post-campaign urgency to deliver rewards to the backers.

What Happens After Reward-based Crowdfunding: Why Some Firms Fail

After being successful in the reward-based crowdfunding campaign, the entrepreneurs receive the funds from the crowdfunding platform (either immediately or after a short processing period, usually within two to four weeks). Now it is the time for them to get ready to fulfill their promise to their backers. They need to allocate the secured funds to different aspects of their business such as operation, marketing, etc. They should start working on production. To do that, they need to acquire the necessary resources (equipment, materials, physical space, human resources, etc.) and establish their production setting to get ready to deliver the product to their backers. Throughout this process, they need to keep communicating with their backers to give them updates regarding progress and timing. At the same time, they need to do it in a way that creates profits for them to sustain and grow the business.[13]

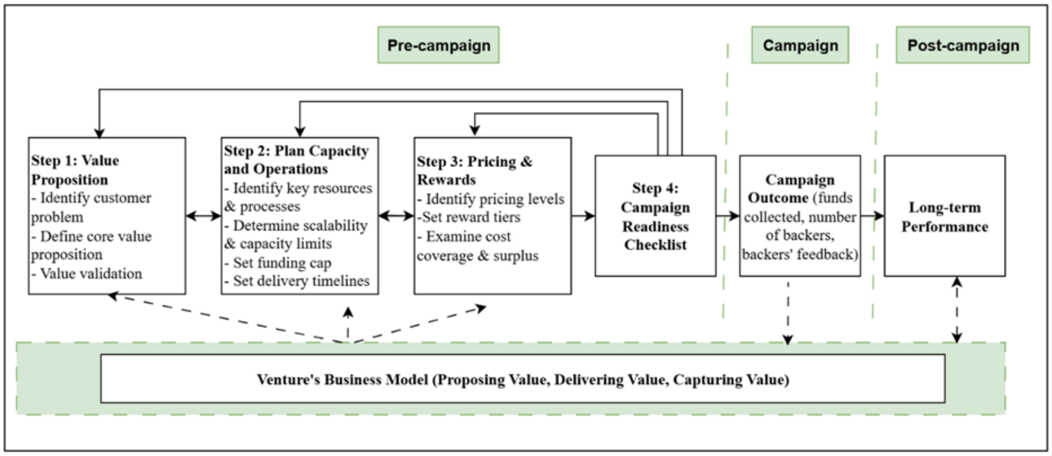
However, these steps are not easy for all entrepreneurs who received their funding through a successful crowdfunding campaign.[14] Promising rewards at prices lower than what the business can afford can lead to a situation where the business is unable to fulfill its promises to backers profitably. Some entrepreneurs may struggle to deliver their promise to the campaign backers on time. Additional challenges could occur if the entrepreneurs receive more backers than they expected. Although this may be considered a positive outcome, entrepreneurs may not have logistics to scale up their operations to meet their promise to backers in a timely manner.

Being unable to maintain momentum after the campaign and not being able to deliver to the backers is a significant failure which brings substantial negative consequences for entrepreneurs such as backer dissatisfaction, a bad public image, and even legal consequences for the company. This situation can even further impact the entrepreneurs and their careers; for example, if they need to launch another crowdfunding campaign in the future.

Introducing a Business Model Driven Crowdfunding Campaign Framework

A business model explains how a business creates value for customers, delivers that value efficiently, and captures value for itself.[15,16] When entrepreneurs design their crowdfunding campaigns, they should align their decisions regarding different campaign elements (e.g., reward tiers, pledge amounts, and funding caps) with different aspects of their business model to not only increase the likelihood of funding success but also support their venture viability in the post-campaign phase. In this paper, we conceptualize a business model driven crowdfunding model that proposes a four-step iterative process, illustrated in Figure 1, that guides entrepreneurs in designing crowdfunding campaigns consistent with how their ventures create, deliver, and capture value to ensure both funding campaign success and long-term venture viability.

Figure 1. The Business Model Driven Crowdfunding Campaign Framework



Step 1: Define and Validate the Value Proposition (Creating Value)

The first step for entrepreneurs when designing their crowdfunding campaign is to develop a clear and attractive value proposition for the target customers who will be their potential backers. For this, they need to answer an important question of "what problem are we solving, and for whom?" The value proposition affects all subsequent decisions related to pricing, operations, and scaling.

A value proposition should include clear product or service features that customers can easily understand and evaluate. Entrepreneurs need to be able to clearly explain their product or service and how it is different from other alternatives in the market and why customers should care.[17] The value should be features that customers can understand, observe, and compare, rather than vague or aspirational claims. For example, instead of stating that a product is "better" or "more innovative," a clear value proposition would specify outcomes such as: "this pain-relief tablet alleviates headaches within five minutes, whereas existing alternatives typically take 30 minutes to be effective." Similarly, a software venture might state: "Our tool reduces invoice processing time from two hours to ten minutes."

This clarity is especially important in the crowdfunding context because potential backers evaluate ideas quickly and often have no direct interaction with entrepreneurs. Feature-based offers can help backers understand the value and reduce perceived uncertainty. A campaign that advertises "a smarter water bottle" can be far less compelling than one that states: "This bottle tracks hydration and alerts users when they are 20% below their daily intake, helping them maintain optimal hydration throughout the day."

After defining the clear value proposition, entrepreneurs also need to validate whether their proposed solution addresses a real customer need. Entrepreneurs can perform validation through face-to-face conversations with a small group of customers, or running focus groups. These investigations can help entrepreneurs to better target real customer needs and offer more focused and credible campaign promises.

If entrepreneurs do not offer what customers truly value, the crowdfunding campaign may fail to attract enough backers. On the other hand, if entrepreneurs offer more features than customers really value, the campaign can succeed; however, there will be a risk of unnecessary product complexity. This situation can lead to higher costs and operational challenges which eventually can lead to delays, cost overruns, and under-delivery during the post-campaign phase.

Step 2: Plan Capacity and Operations (Delivering Value)

After entrepreneurs define and validate the value proposition, they must ensure that they are able to deliver that value. This step focuses on the venture's ability to operate effectively after the campaign and depends on whether it has access to a viable supply chain, human resources, partnerships, and customer communication.

In this step, entrepreneurs must assess their ability and capacity limits to produce and scale. For example, if a campaign attracts a high volume of backers, does the venture have enough resources to realistically operate and deliver on time? There are examples where campaigns exceed their founders' expectations; however, entrepreneurs later realize that they are not able to scale their production on time and deliver their promises due to various factors such as supplier limitations, constraints in quality control, or differences in shipping costs across regions.

Recognizing operational complexities earlier is crucial, since early identification gives entrepreneurs the opportunity to address them before delays occur, and also gives them the opportunity to adjust product design to reduce complexity if needed. If these issues are identified after the campaign, entrepreneurs may no longer have this flexibility. In that case, deliveries can be delayed, costs may escalate, and customers may become dissatisfied. The value delivery part of the business model (step 2) informs the total pledge amount as it will be a function of the required resources for operations. It also helps determine the funding cap (a point beyond which the venture may not be prepared to serve), considering the complexities of product production. Delivering high-quality value on time is essential for both short-term success and long-term growth, and entrepreneurs must align total funding amount, promised rewards, funding cap, and timelines with operational capacity.

Step 3: Design the Reward and Pricing Architecture (Capturing Value)

This step focuses on reward tiers and pricing. Entrepreneurs must ensure the offered rewards are aligned with the expected cost for each unit and that they will create a positive surplus for the company. Setting attractive yet still realistic reward tiers is crucial since this is the place where entrepreneurs make an agreement with their backers to trade a reward in exchange for funding.

Entrepreneurs may be tempted to underprice in order to attract more supporters. Although it appears attractive to backers, a highly discounted reward tier that fails to account for manufacturing, packaging, shipping, platform fees, and customer service costs can lead to long-term losses and failure for the venture. Designing too many or overly complex reward tiers can increase operational costs for the venture and also confuse customers.

Step 4: Learn, Adjust, and Iterate (Feedback and Alignment)

The final step focuses on learning and iteration. A business model driven crowdfunding process is not linear. Although we present the framework as a sequence of steps, entrepreneurs should expect to move back and forth among value creation, value delivery, and value capture. For example, information about operational constraints (Step 2) may prompt entrepreneurs to refine the value proposition itself (Step 1). This iterative movement across steps allows entrepreneurs to successfully adjust what they offer, how they deliver it, and how they get paid before they make commitments to backers.[18]

In addition, entrepreneurs may need to adjust their business model based on the feedback that they receive from their crowdfunding campaign.[19] If you have a successful campaign, along with the pledge money, you receive feedback, suggestions, and ideas from the backers. For example, entrepreneurs may need to change the future product design based on the information provided by backers and others involved. Backers may not like specific features, or they may suggest new needs. Entrepreneurs may realize that they need to broaden or narrow their future target market by looking at the response to the original crowdfunding campaign. Entrepreneurs' ability to learn and iterate is key for correcting misalignments and preventing future costly failures.

Therefore, iteration closes the loop between creating, delivering, and capturing value, and emphasizes the business model's role as an ongoing process instead of a one-time design exercise. Entrepreneurs can start with the checklist below in Table 1. This checklist helps entrepreneurs assess whether their business model driven crowdfunding campaign has been designed appropriately and is ready to be launched. We include the common sources of campaign and post-campaign failure (e.g., underpricing, lack of scalability, or operational bottlenecks).

Table 1. A Checklist for Designing Business Model Driven Crowdfunding Campaigns

Step	Diagnostic Question	Type	✓ / ✗
Creating Value	Is the value proposition communicated in clear, concrete terms that customers can understand, observe, and evaluate?	Gatekeeper	☐
	Is the value proposition clearly differentiated from existing alternatives in a way customers can recognize?	Gatekeeper	☐
	Has the value proposition been validated through direct customer interaction (e.g., interviews, focus groups, prototype testing)?	Gatekeeper	☐
	Have non-essential features been identified and deprioritized to avoid unnecessary complexity?	Readiness	☐
Delivering Value	Have all key resources and operational processes required for delivery been identified and assessed as feasible (e.g., human resources, suppliers, partners, production, logistics, fulfillment)?	Gatekeeper	☐
	Are scalability limits, operational bottlenecks, and capacity caps clearly understood, including the maximum demand the venture can realistically meet and the implications for delivery timelines?	Gatekeeper	☐
	Are per-unit costs (production, packaging, shipping, platform fees, customer service) known at the expected scale?	Gatekeeper	☐
	Is a funding cap set that reflects operational and capacity constraints?	Gatekeeper	☐
Capturing Value	Do prices cover all costs and generate a positive surplus for the venture?	Gatekeeper	☐
	Are reward tiers aligned with the core value proposition and limited to reduce operational complexity?	Readiness	☐
Learning & Iteration	Is there a clear process for collecting, interpreting, and acting on feedback from backers and early performance indicators, including willingness to revise value creation, delivery, or capture decisions?	Gatekeeper	☐
	Are communication channels and update practices in place to manage expectations during and after the campaign and provide support?	Readiness	☐

Before campaign launch, entrepreneurs should review each item and mark ✓ or ✗. The checklist distinguishes between Gatekeeper and Readiness items. Gatekeeper items are essential conditions that must be satisfied before launching the campaign. If any Gatekeeper item is marked ✗, the entrepreneur should revise the campaign design before proceeding. Readiness items are important aspects that help reduce execution risk but do not necessarily prevent launch if they are still in progress. Readiness items can be redesigned during or after campaign if needed.

Illustrative Cases: Applying the Framework

We examine two reward-based crowdfunding cases to illustrate how alignment across business model elements affects post-campaign outcomes. Coolest Cooler represents a campaign that achieved strong fundraising success but failed due to misalignment after the campaign. Ooni demonstrates how strong alignment supported both delivery and long-term growth. We analyze each case using our four-step framework and conclude with a brief cross-case comparison.

Illustrative Case 1 - Coolest Cooler

Coolest Cooler was an innovative cooler created by Ryan Grepper. This cooler changed the traditional cooler design by adding new features such as speakers, USB charger, blender, outdoor dishes, large divided storage, and stronger wheels. The cooler was advertised as an all-in-one product (cooler) for outdoor adventures.

Crowdfunding Design

The Coolest Cooler reward-based crowdfunding campaign launched in July 2014 on the Kickstarter website.[20] The goal for the campaign was set at $50,000. By setting a low goal, the campaign likely intended to encourage backers by giving them the impression that their support makes a significant difference. One of the strong features of the campaign was the professional video of the CEO, which introduced the fun and convenience of the product and showed the founder's passion for the product and his story as an entrepreneur. The video builds a strong connection between potential backers and the campaign.

Below are some of the reward tiers that the campaign introduced to the potential backers:

Coolest early bird ($165): Get your very own COOLEST, complete with blender, a waterproof Bluetooth speaker, USB Charger and all the other awesome features.

International Coolest ($185): I'd love to send COOLEST coolers all over the world, but shipping these large boxes is pricey. We can ship to most of EU and Canada for this price, but if it's substantially more than $100 bucks you may need to pay additional shipping.

10 Coolest Coolers ($1750): Maybe you host THE BIGGEST outdoor parties, or maybe you have nine best friends. Either way you can buy a bunch and save some $.

Coolest Bartender ($2000): I will PERSONALLY fly out to your hometown and man your bar at your next event with the only COOLEST fully-functional prototype in the world. If you want to tailgate or host an event with the COOLEST before we're available to anyone else, then this reward is for you.

Campaign Success

In two days, the campaign reached the crowdfunding goal and quickly attracted media attention, such as Business Insider, which helped the campaign further to attract more backers. When the campaign met the original goal, the CEO introduced higher goals, the meeting of which would offer extra features such as various color options for the cooler, and a solar panel for charging elements in the cooler. During the whole campaign, the CEO stayed actively involved and kept strong communication with backers through comments and updates. The Coolest Cooler crowdfunding campaign received 62,642 backers and $13,285,226 raised and it turned into the one of Kickstarter's most funded campaigns.

What Went Wrong

The Company's crowdfunding strategy effectively drew in backers, but the elements of the campaign were not aligned with the company's long-term success and operational needs.

The primary problem was the combination of low price and the multitude of features promised, for which Coolest was not equipped to provide. The costs for manufacturing the promised cooler (including its blender, speakers, and other features) plus shipping turned out to be a lot higher than the crowdfunding reward price of $185. Another problem was that the company was not prepared to scale up quickly. They were challenged with production delays due to a significantly higher than expected number of backers. Coolest underestimated the logistics required for delivering the products to more than 60,000 backers, and they did not prepare the infrastructure needed. The CEO was not experienced in large-scale manufacturing, which exacerbated the difficulties for the company.

In public email sent by founder Grepper to Kickstarter backers announcing the company's closure, he explicitly acknowledged a fundamental miscalculation in cost structure and pricing:[21]

"It became immediately obvious that the Coolest would cost much more to manufacture and ship than anyone paid for it on Kickstarter. That meant we had to take loans to cover the difference… making no profit as a business, taking on vast sums of debt to keep the doors open and ship to backers."

From a backer update:[20]

"Unfortunately, we didn't set the pledge levels high enough to cover the final quality of the Coolest Cooler. The Coolest Cooler ultimately cost more than we expected to develop and manufacture."

In November 2015, the company started selling the product for the price of $500 on Amazon before delivering the product to the backers. They were hoping that selling the product at a higher price on Amazon could cover their losses on the units owed to the backers. In public email sent by founder Grepper to Kickstarter backers, he noted that the venture attempted to correct earlier pricing and cost misalignments through retail sales:[21]

"You saw how we eventually had to attempt to sell Coolest products at retail in order to make any profit which would be used to ship Coolests to our remaining backers."

This decision led to stronger angry responses from backers, who had the impression that the company prioritized new customers over their backers.

Backer dissatisfaction (including 300+ complaints to the Oregon Department of Justice) grew with the delays and no response from the company. The company faced legal action for failing to deliver on promises, which in turn prevented the company from bringing in new investments. After a long history of customer dissatisfaction and subsequent legal battles, the company ceased operations in 2019 and liquidated. More than 20,000 backers never received a cooler.

Alignment with the Business Model Driven Crowdfunding Framework

Based on our proposed four-step business model driven crowdfunding framework, the Coolest Cooler case illustrates a significant misalignment between different elements of the business model and campaign design, that led to long-term difficulties for the company in operating effectively.

Creating value (Step 1): Coolest Cooler was effective in proposing value to their backers and differentiating themselves from competitors. They offered a feature-rich cooler that provided convenience and entertainment to customers. They successfully communicated their product to their backers through a compelling video. The campaign rapidly obtained funding, which suggests that their value proposition resonated with customers.

Delivering value (Step 2): The campaign had significant difficulty delivering the product to backers. The cooler with many features was perceived positively by backers, however those promised features substantially increased production complexity. The venture underestimated the operational challenges of manufacturing thousands of units in a short period after the campaign. In addition to not putting a cap on the amount of backers/funding, the founder further exacerbated the complexity by adding in more features mid-campaign such as a solar panel and more colors. The management team also did not have prior experience scaling their production at such a rapid pace.

Capturing value (Step 3): The venture had a clear misalignment between its pricing and value proposition. Reward prices did not cover the true cost of producing and shipping a cooler with so many features (e.g., the cooler plus shipping to Europe for $185 total). In addition, the absence of a unit/funding cap in the campaign further intensified the losses due to low price.

Learning and iteration (Step 4): Although the campaign initially maintained ongoing communication with backers, later it struggled to keep its commitments to backers and ceased updates. Kickstarter restricted the creator from launching future projects due to a lack of responses and updates for backers.

Key Takeaways from the Coolest Cooler Case

The Coolest Cooler case illustrates how a successful crowdfunding campaign can still result in failure of the venture, when campaign design is not aligned with different elements of the business model. Coolest Cooler offered a product that was highly attractive to backers, however a large number of features included in the product significantly increased operational complexity. At the same time, reward prices did not adequately cover the true costs of production and fulfillment. This operational complexity and underpricing were intensified further by the absence of a funding cap.

Illustrative Case 2 - Ooni

Ooni is now a global company which sells pizza ovens and accessories. Ooni (originally called Uuni) was founded in 2012 by Kristian Tapaninaho and Darina Garland, a Scottish couple. The couple were living in a small apartment and had a problem finding an appropriate pizza oven for their space. Most of the existing pizza ovens in the market were bulky and expensive. Focusing on this gap, Kristian was able to create the first portable wood-fired pizza oven after various designs and testing in their backyard.[22]

Business Model Driven Campaign

Ooni's business model was designed to scale gradually to ensure they could afford the production without lowering the quality. They pitched their project for crowdfunding on the Kickstarter website, looking to raise £7,500. Ooni received £17,136 from 142 backers by the end of the crowdfunding campaign.

With the funds secured, they started production and delivered the product to their backers promptly, which built up their reputation and their connections within the crowdfunding community. One of the biggest success factors for the company was its clear business model which was incorporated in their crowdfunding campaign design. They had a strong operational plan and focused on their biggest strategies for success: community building during and after the campaign.

In an interview with Kickstarter in 2022, Kristian mentioned:[23]

> *"Make sure you have the major important parts, manufacturing and logistics, all lined up and costed. Make sure your timelines are as watertight as they can be. Be present on the campaign. Answer every question - be transparent and honest. Especially for an early-stage company, it's important that the founders and innovators are themselves answering questions. This builds credibility that is hard to earn later on."*

Based on the feedback they received during their first Kickstarter campaign, they modified their product design. In 2017, Ooni launched a new product called the Ooni Pro, which was introduced on the Indiegogo crowdfunding platform. The Ooni Pro is an outdoor pizza oven that can cook 16-inch pizzas using wood, charcoal, or gas. The Indiegogo campaign for the Ooni Pro raised over $1 million. In February 2019, Ooni introduced the Ooni Koda, a gas-powered portable pizza oven capable of reaching temperatures up to 500°C (932°F) and cooking pizzas in just 60 seconds. Ooni introduced several other new products and modifications including Ooni Karu, Ooni

Koda 16, Ooni Karu 12G. The company also expanded to pizza accessories such as pizza stones and pizza peels.

In summary, Ooni used crowdfunding to not only raise funding but also to receive information and market feedback to further improve their business model by adjusting their product design, adapting the production and delivery process, managing the cost and profit, as they added new products based on customers' needs. Their strategy was to grow over time and they manage their crowdfunding campaigns aligned with this strategy. They grew the company incrementally and applied multiple crowdfunding campaigns to fund their production in different stages. They still focus on community building, as the word of mouth was one of their reasons for customer attractions. To engage with the community, they also provide recipes on their website.

Alignment with the Business Model Driven Crowdfunding Framework

Based on our proposed four-step business model driven crowdfunding framework, the Ooni case illustrates strong alignment between campaign design, value creation, value delivery, and value capture, which supported both campaign success and long-term venture growth.

Creating value (Step 1): Ooni had a strong and clear value proposition. They addressed a well-defined customer problem which was the lack of an affordable, portable pizza oven. The founders validated their proposition through iterative product design and testing before launching the campaign. The product offering was simple and clear which made it easy for backers to understand and evaluate.

Delivering value (Step 2): Ooni applied a funding cap and scaled its growth gradually to ensure that it had enough operational capacity to deliver initial demands on time. Their ability to deliver products to backers promptly built early credibility for them and also gave them flexibility to adjust their value proposition based on the initial feedback.

Capturing value (Step 3): Ooni's pricing and reward structures were consistent with delivery requirements and cost considerations which allowed it to capture sufficient value while maintaining product quality. By avoiding excessive discounting and limiting early demand to a level the venture could realistically serve, Ooni reduced the risk of price-cost misalignment and preserved flexibility to make adjustments through subsequent campaigns.

Learning and iteration (Step 4): Learning and iteration are illustrated strongly in the Ooni case. The venture continuously adjusted their business model including their offerings based on the feedback from backers and campaign outcomes. Its subsequent crowdfunding campaigns supported incremental product innovation.

Key Takeaways from the Ooni Case

By limiting product complexity, planning delivery capacity in advance, growing gradually, and pricing rewards in line with operational constraints, Ooni avoided the scalability and cost challenges faced by many crowdfunded ventures. The case also highlights the importance of continuous learning; Ooni used feedback from repeated campaigns to refine its business model.

Importantly, we should avoid interpreting the comparison between Coolest Cooler and Ooni as evidence that an unsuccessful venture lacks a business model or strategy. Instead, the difference emphasizes the critical role of alignment across different elements of the business model and campaign design. In reward-based crowdfunding, this alignment challenge is particularly salient because there is a time gap between when entrepreneurs publicly commit and actual delivery and operations. Ventures with weak alignment among elements of their business model are likely to face execution problems after the campaign. While some ventures with relatively simple products and low delivery complexity may be able to adjust and "figure things out" as they go, misalignment becomes far more damaging as product and fulfillment complexity increases. Therefore, a business model driven crowdfunding approach emphasizes the importance of ensuring that key elements of the business model evolve coherently and be reflected in crowdfunding campaign design, especially in campaigns involving complex products and delivery systems.

Implications for Entrepreneurs

Entrepreneurs should not view reward-based crowdfunding as a one-time fundraising event, but as part of a venture's journey that brings public commitments and long-term consequences. Based on our analysis, entrepreneurs should particularly pay attention to the following issues when designing crowdfunding campaigns.

Clarify the campaign promise. Clearly define the product or service and communicate it in concrete terms that backers can understand and evaluate, particularly through campaign videos that often serve as backers' first point of contact. Avoid vague or overly ambitious promises that exceed what can realistically be delivered.

Validate demand before launch. Validate the offering with potential customers before going live. Avoid moving forward based on your enthusiasm alone, which can result in offerings that add little value or unnecessary complexity.

Assess operational capacity early. Evaluate the operational requirements needed to deliver the promised value, including suppliers, technology, human resources, quality control, and logistics. Avoid postponing operational planning. Identify at least three major potential operational bottlenecks before committing publicly.

Design rewards and pricing realistically. Set prices and reward tiers using unit-level cost projections that include all major costs and buffers for uncertainty. Avoid underpricing to generate momentum, as it can lock the venture into loss-making commitments.

Set boundaries on demand and scope. Use funding caps, limited reward quantities, or staged delivery plans to ensure demand does not exceed execution capacity. Avoid treating unexpectedly high demand as an unqualified success.

Plan for early momentum. Secure early backers prior to launch, often through personal networks, to build credibility and improve campaign visibility. Avoid launching without an initial base of supporters. A general recommendation is 20-30% of target goal.[9,10]

Make communication a strategic priority. Maintain clear and consistent communication with backers during and after the campaign. Avoid reducing updates after the funding campaign, or delaying communication when challenges arise.

Use the checklist before launch. Review the diagnostic checklist to ensure all gatekeeper conditions are satisfied. Revise the campaign if any critical element is not in place.

Learn and adjust continuously. Treat crowdfunding as a non-linear process and adjust campaign elements as new information emerges before, during, and after the campaign.

Conclusion

Reward-based crowdfunding has become a widely used mechanism for entrepreneurs to raise funds by offering tangible or intangible rewards in exchange for backer support. While successful campaigns can help entrepreneurs secure early funding, campaign success alone does not guarantee favorable post-campaign outcomes. Without aligning crowdfunding campaign design with a well-defined business model, entrepreneurs may struggle to deliver on their promises or translate crowdfunding success into long-term venture performance.

A business model driven crowdfunding campaign framework requires entrepreneurs to (1) recognize the importance of developing and incorporating a well-thought-out business model into campaign design, (2) reflect on their crowdfunding campaign experience, and (3) adjust their business model as needed during and after the campaign. The cases examined in this paper show ventures long-term success depends on how strongly campaign design anticipates the realities of production, pricing, and scale.

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Endnotes

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