Crowdfunded Tourism Activities: Study on the Direct Impact of Swiss Crowdfunding Platforms on the Tourism Industry

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1. Introduction

Based on the internet and the availability of the crowd through social networks, "*crowdfunding*" is the activity of crowd commitment used to fund a project by unknown individual people (De Buysere et al., 2012). Those individuals replace institutional and traditional business angels (Schwienbacher & Larralde, 2010) and *crowdfunding* was developed in the context of crowdsourcing activities defined as engaging people to solve a problem which would otherwise be resolved by internal resources (Howe, 2006).

According to Hussain (2012), some benefits for companies of engaging the crowd consist in reducing marketing costs, accessing to a higher number of customers or in reducing production costs. Moreover, according to the author, *crowdfunding* represented 3.7% of the total amount of activities pursued in crowdsourcing platforms.

There are different types of *crowdfunding* platforms based on donation, rewards, presales, investments or lending (De Buysere et al., 2012). In Switzerland, we identified 11 platforms dedicated to *crowdfunding*: Cashare, a donation-based platform, created in 2008, c-crowd and investiere created in 2010, Projektstarter and 100-Days created in 2011, WeMakeIt, Moboo and IBelieveInYou created in 2012, 7Crowd and Feinfunding created in 2013 and Sosense created in 2014. Six platforms are open to all kind of projects (100-days, 7Crowd, Cashare, Feinfunding, Moboo and ProjektStarter), three platforms are dedicated to specialized activities (IBelieveInYou dedicated to sport projects and WemakeIt dedicated to cultural projects and Sosense dedicated to social innovation), and two platforms are oriented to company funding (Investiere and C-crowd). According to our dataset, those platforms have funded 680 projects, for almost 12.3 million CHF since their creation.

Name	Creation year	Location	Specialization	URL
Investiere	2007	Zug	Venture capital	https://www.investiere.ch/
Cashare	2008	Hünenberg	All projects	https://www.cashare.ch/
Projektstarter	2011	Soleure	Artistic (no startup)	http://www.projektstarter.ch
100-days	2011	Zürich	All projects	http://100-days.net
I believe in you	2012	Berne	Sports projects	http://www.ibelieveinyou.ch
Moboo	2012	Lausanne	All projects	http://www.moboo.ch
Wemakeit	2012	Zürich	Cultural projects	http://www.wemakeit.ch
C-crowd	2012	Zürich	Venture capital	http://www.c-crowd.com
Feinfunding	2013	Zurich	All projects	http://feinfunding.com/
7crowd	2013	Zürich	All projects	https://www.7crowd.ch/
Sosense	2014	Zurich	Social innovation	http://www.sosense.org/

Tab. 1: Presentation of the Swiss platforms

The Swiss tourism industry generated more than 34.9 billion CHF in 2012 and, represented approximately 5 % of the total Switzerland's export revenue (Swisstourfed, 2013). The Swiss tourism industry employment rate represents 4% of all Swiss full time jobs (OFS, 2014). Some regions are more dependent on tourism like the region of Valais, where the tourism industry represents an important part of the economic activity and where the regional economy strongly depends on the attractivity of the region. According to our statistics, more than 18% of the companies and 20% of the workforce are directly involved in a touristic activity in the Valais.

The first *crowdfunding* campaign related to a touristic project, launched by a hotel, started in Switzerland in 2014, and allowed the project manager to collect more than 242% of the expected budget through the participation of 64 contributors. But although this constitutes a first evidence of the *crowdfunding's* benefits for touristic projects, the literature on *crowdfunding* in Switzerland mostly focuses on its entrepreneurial advantages and its success factors (Beier & Wagner, 2014; Beier et al., 2014), or on certain topics such as culture projects (Junge & Eidinger, 2013). Other studies focused on the motivation factors and potentialities of *crowdfunding* campaigns (Füller et al., 2006; Jacobs, 2014; Gerber et al., 2013), but our literature review revealed that impacts of this new mode of funding on the

Swiss tourism industry are not yet considered. Hence our research question is: **What is the direct impact of the Swiss *crowdfunding* platforms on the Swiss tourism industry?**

The implications of our research are twofold. On the one hand, it shows the potential of such funding campaigns for tourism professionals and provides key recommendations for the projects leaders. On the other hand, our research aims at establishing the economic impact of *crowdfunding* activities in the Swiss tourism industry.

2. Methods

To reach our goal to get insights into the participation of *crowdfunding* platform in the tourism industry, we established a typology according to the touristic character of the project. This approach enabled us to categorize and to analyze the impact of *crowdfunding* platforms on the tourism industry. The comparable data we used are: project title and description, canton (Swiss regions), categories, expected amount, funded amount.

The data of funded projects were collected at the end of the year 2014 on every Swiss *crowdfunding* platforms through direct contact with companies or through self-collection. We also conducted interviews in order to complete the data and information we collected.

We considered only the projects funded through a Swiss platform, and realized in Switzerland. Then the requested amounts, the collected amounts and the funding rates expressed below are only calculated on successful campaigns, and do not include the requested amounts of the unsuccessful campaigns. Moreover, the data from C-crowd and Feinfunding were not available. Finally, our dataset is composed as follows:

Name	**Projects**	**Name**	**Projects**
Investiere	22	Wemakeit	568
Cashare	13	C-crowd	0
Projektstarter	11	Feinfunding	0
100-days	10	7crowd	2
I believe in you	42	Sosense	4
Moboo	8	**Total**	**680**

Tab. 2: Composition of the dataset

Adopting an empirical and deductive approach (Strauss & Corbin, 1994) in order to analyze the aim of the Swiss *crowdfunded* projects in order to isolate the projects linked to the Swiss tourism industry, we consider several typologies.

To identify the touristic projects in a restricted view, we considered:

- the projects classified in a touristic category;
- the projects with a touristic aim or character in its description;
- the projects created in a touristic community according the national statistical office (ARE, 2005).

In order to identify the potentially touristic projects, we eliminated the explicitly non-touristic projects of the panel. Then, in order to describe the touristic character of the projects, we also used the Tourism Satellite Account (TSA) classification and the tourism services chain (Bieger, 2002).

This tourism services chain described by Bieger (2002) is complex because the companies involved in this industry offer complementary services without any natural or technical order, but in the way that the tourist can choose one service or another, at the moment and in the way he wants. Moreover, a fundamental regional service such as transportation e.g. can be qualified as a non-touristic service, but according to the specific region and to the seasonality, this service becomes fundamentally touristic.

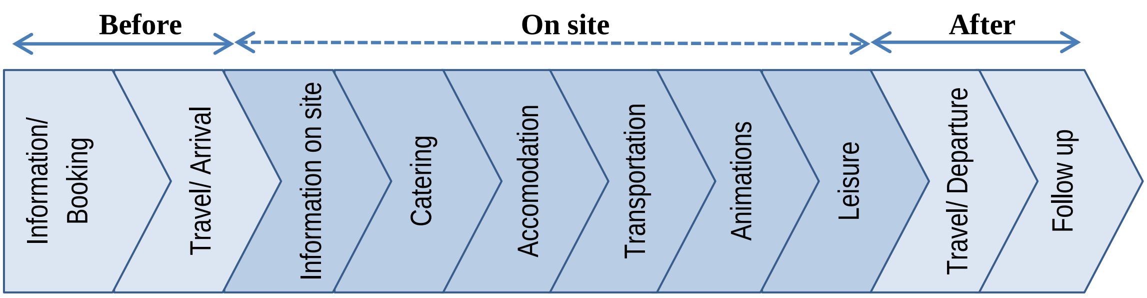

Fig. 1: Tourism Services Chain (Bieger, 2002)

Finally, in order to distinguish the touristic projects from non-touristic within the potentially touristic projects we considered:

- if the locality is part of the top-100 Swiss locality in terms of overnight stays (OFS, 2015);

- if the overnight stays in the locality where over the average during the month of the project's realization.

Once determined the touristic character of the projects, we considered typologies such as the background of the projects (not-for-profit, for profit, intermediate) and the original organizational embeddedness (independent, embedded, start-up) (Hemer, 2011).

3. Results

The results are threefold: we present first the general results (a), before introducing the touristic projects in a restricted view (b) and the potentially touristic projects in a broader view (c).

Name	**Dataset**	**Touristic projects**	**Potentialy Touristic projects**
Investiere	22	1	1
Cashare	13	0	0
Projektstarter	11	0	0
100-days	10	1	1
I believe in you	42	0	0
Moboo	8	1	3
Wemakeit	568	5	143
C-crowd	0	0	0
Feinfunding	0	0	0
7crowd	2	0	0
Sosense	4	0	0
Total	**680**	**8**	**148**

Tab. 3: Distribution of the touristic and the potentially touristic projects

a) General results

We took a census of 680 *crowdfunded* projects in Switzerland, which raised an overall amount of 12.3 million CHF. The most frequent project categories are technology (38.5%) and music (15.6%). Zurich is the region which has the biggest number of *crowdfunded* projects (25.4%). The most profitable platform is 100-days, which reached an average funding rate of 133.2%. In the total of the projects, 55 projects were non-located.

Name	Collected amount	Requested amount	Funding rate
Investiere	7’529’000	7’529’000	100.0%
Cashare	221’140	219’850	100.6%
Projektstarter	20’808	18’950	109.8%
100-days	68’629	51’515	133.2%
I believe in you	208’500	183’336	113.7%
Moboo	166’768	166’370	100.2%
C-crowd	nc	nc	nc
Feinfunding	nc	nc	nc
7crowd	200’000	200’000	100.0%
Sosense	65’589	50’500	129.9%
WeMakeIt	3'850’469	3'291’361	117.0%
Total	**12'330’903**	**11'710’882**	**105.3%**

Tab. 4: Financial information about the Swiss *crowdfunding* platforms

The projects are geographically very concentrated: 30 localities regrouped 79% of the funded projects, and only 9 cities regrouped more than 10 funded projects each for a total of 67.1% of the total of the Swiss funded projects. Those 9 cities are: Zurich (173), Bern (69), Basel (69), Lausanne (46), Lucerne (29), Geneva (24), Winterthur (19), Fribourg (15) and Bienne (12).

b) Strictly touristic projects

Three projects are expressly defined as touristic in their description, but only 2 projects are categorized in a specifically touristic class. Those 2 projects collected 523’030 CHF (5.7% of the total of the Swiss funded projects). The 3 projects collected 523’670 CHF, and reached a funding rate of 102.7%. The services types are accommodation, information/booking and leisure. Two of them, including the booking project, are not located. Two projects are startups, including one project for profit and one for non-profit, and the other are embedded and for profit.

Five other projects are located in a touristic community and dedicated to leisure and culture. Half of those projects are located on community part of the top-100 in terms of overnight stays. Those projects collected 23’576 CHF and reached an average funding rate of 154%. We can observe that only a few projects are built on a touristic community, but those projects are overfunded, particularly the projects about cultural movies. Three of those projects are independents.

Finally, we identified eight touristic projects which collected 553’246 CHF with a funding rate of 104.5%. Five of them are about culture, one about accommodation, one about information/booking and one about leisure. Three projects are independents, two are startups and three are embedded projects. Five projects have been funded on the platform WeMakeIt; the others used Moboo, Investiere and 100-days.

Platform	**Embeddness**	**Background**	**TSA**	**Bieger**	**Locality**	**Canton**
100-days	Embeddness	Profit	Accommodation	Leisure	Nax	Valais
Investiere	Start-up	Profit	Travel agency, information	Information/ Booking	nc	nc
Moboo	Start-up	Non-profit	Culture	Leisure	nc	nc
Wemakeit	Independant	Intermediate	Culture	Leisure	Ardez	Grisons
Wemakeit	Embeddness	Intermediate	Culture	Leisure	Arosa	Grisons
Wemakeit	Embeddness	Intermediate	Culture	Animations	Engelberg	Obwalden
Wemakeit	Independant	Intermediate	Culture	Leisure	Leukerbad	Valais
Wemakeit	Independant	Intermediate	Leisure and entertainment	Leisure	Davos	Grisons

Tab. 5: Specific types and categories of strictly touristic projects

Platform	**Embeddness**	**Background**	**Collected amount**	**Requested amount**	**Funding rate**
100-days	Embeddness	Profit	23’030	9’500	242.4%
Investiere	Start-up	Profit	500’000	500’000	100.0%
Moboo	Start-up	Non-profit	640	600	106.6%
Wemakeit	Independant	Intermediate	2’370	2’200	107.7%
Wemakeit	Embeddness	Intermediate	10’450	10’000	104.5%
Wemakeit	Embeddness	Intermediate	1’000	1’000	100.0%
Wemakeit	Independant	Intermediate	10’151	1’000	1015.1%
Wemakeit	Independant	Intermediate	5’605	5’000	112.1%
Total			**553’246**	**529’300**	**104.5%**

Tab. 6: Types and financial volumes and rate of strictly touristic projects

c) Potentially touristic projects

According to the classification of the TSA and Bieger’s typology of activities (Bieger, 2002), with no consideration of the categorization, a greater amount of projects should have an impact on the Swiss tourism industry.

According to the descriptions, the potentially touristic projects are 148. They regroup 1 travel service, 62 cultural services and 84 leisure services according to the TSA; and 1 information/booking, 112 leisure and 34 animations services according to Bieger's typology. Those projects collected 1'345'435 CHF with a funding rate of 108.3%.

The projects created in a locality where the overnight stays where over the average during the month of the project's realization are 89. They were all funded through the platform WeMakeIt. According to Bieger's typology they propose 67 leisure services and 22 animation services. According to the TSA classification, 26 projects are focused on culture and 53 on leisure and entertainment. There are one project for profit, one for non-profit, and the majority is intermediate. They collected 534'439 CHF which represent 5.8% of the total of the Swiss funded projects with an average funding rate of 111.2%.

Category	**Projects number**	**Collected amount**	**Requested amount**	**Funding rate**
Scene	18	98'886	81'255	121.7%
Music	17	104'949	94'122	111.5%
Danse	11	56'632	53'855	105.2%
Art	10	51'897	49'820	104.2%
Community	8	54'995	51'425	106.9%
Youth	7	31'969	29'499	108.4%
Festival	5	41'048	35'500	115.6%
Design	3	27'980	23'600	118.6%
Movie	3	23'300	22'000	105.9%
Photography	3	26'462	25'250	104.8%
Exposure	2	9'656	8'000	120.7%
Cooking	1	5'140	5'000	102.8%
Literature	1	1'525	1'500	101.7%
Total	**89**	**534'439**	**480'826**	**111.2%**

Tab. 7: Detailed categories and financial volumes of the 89 potentially touristic projects

4. Conclusions

The projects located in a touristic location and dedicated to leisure and culture have the best funding rate of our dataset (154%). But today, those are the large minority with only 5 projects localized in touristic collectivities, representing 0.3% of the collected amounts and 0.7% of the total of the Swiss funded projects.

According to a narrow approach of the categorization, the descriptions and the locations, we identified 8 strictly touristic projects which collected 4.5% of the total amounts of the Swiss funded projects for 1.2% of the number of the projects. Those strictly touristic projects collected 553’246 CHF with a funding rate of 104.5%.

Potentially touristic projects according to the descriptions and the typologies represent 21.8% of the total, with 148 unities, and 10.9% of the total funded amounts, with 1.3 million CHF funded and a funding rate of 108.3%. And among them, 89 projects were realized during a month overpassing the average of the overnight stays in the locality. Those projects collected 534’439 CHF (5.8% of the total amount of the Swiss funded projects), with a funding rate of 111.2%.

Major results are the identification of several degrees of touristic character of the *crowdfunded* projects. As we expected, it was very difficult to estimate this touristic character a posteriori and without questioning directly the project creator. Nevertheless we proposed a possibility of categorization and identification of *crowdfunded* touristic projects in Switzerland.

The analysis of data without direct qualitative approach also constitutes our major limitation in order to reach our goal. Hence further research should focus on the method able to elicit the touristic character of the project and should allow the creation of a standard scheme able to distinguish the touristic projects among the different Swiss platforms.

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