Talia Leibovitz

Crowdfunding Audiovisual Productions in Spain: The Case of Verkami

The nature of cultural production and consumption continues to undergo profound changes. New platforms, new media, and new types of cultural agent — coupled with easier access to the means of production and promotion — has generated a multitude of new media forms, has redefined the production and consumption of cultural products, and has profoundly altered the relationships between media industries and audiences.[1] As a means of communication and production, and as a source of entertainment, the internet has been a driving force behind these transformations. It has motivated millions to share content, and, in so doing, has forced us to reconsider the traditional boundaries that existed between the various agents involved in cultural production.

The multifaceted concept of "openness" helps us to understand this transformation. First, in terms of technology, openness is reflected in the proliferation of platforms that facilitate the collaborative production of cultural artifacts, as well as their promotion and consumption. Second, in terms of the law, we can observe openness in the increased access to audiovisual content that has resulted from both the relaxation of copyright laws and from a lack of existing legislation with which to police new "infringements". Third, in terms of narrative, openness is reflected in new forms of multi-, cross- and trans-media storytelling. Finally, there is openness in the production process itself that has resulted in collectively made movies, collaborative content, and interactive films.[2]

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1)   Elisenda Ardevol, Roig Antoni, Gemma San Cornelio and Edgar Gómez-Cruz, 'Prácticas creativas y participación en los nuevos medios', *Quaderns del CAC*, vol. 13, no. 1 (2010), pp. 27–37; Mirko Tobías Schäfer, *Bastard Culture! User participation and the extension of cultural industries* (Amsterdam: Amsterdam University Press, 2011); Henry Jenkins, *Fans, Bloggers, and Gamers, exploring the participatory culture* (New York: New York University Press, 2006); Yohai Benkler, *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (New Haven: Yale University Press, 2006); Mark Deuze, 'Corporate Appropriation of Participatory Culture', in Nico Carpentier and Benjamin De Cleen (eds.), *Participation and Media Production: Critical Reflections on Content Creation* (Newcastle upon Tyne: Cambridge Scholars Publishers, 2008), pp. 27–40.

2)   Antoni Roig, Jordi Sánchez-Navarro Jordi and Talia Leibovitz, '¡Esta película la hacemos entre todos! Crowdsourcing y crowdfunding como prácticas colaborativas en la producción audiovisual contemporánea', *Icono 14*, vol. 10, no. 1 (2012), pp. 25–40.

The transformation of cultural production is not a consequence of the reorganization of established media companies. On the contrary, traditional institutions coexist with emerging production models in a phenomenon that has been dubbed "media convergence".[3] Both traditional and new cultural agents therefore operate in the same environment; an environment that has also seen new forms of consumption and interaction take place due to the development of new communication technologies. A high-profile instance of the redrawing of boundaries between producers, cultural products, and audiences is the phenomenon of crowdfunding. Here, a closer relationship exists between the producers and consumers of audiovisual products than that posited by earlier models, wherein individuals would consume artifacts that had been financed either by media industries, by the state, or by a combination of the two.[4] With crowdfunding, the audience becomes a cultural agent in a model that binds cultural production to both producers and consumers in a relationship of co-dependency.[5] Although Crowdfunding has been approached in a number of ways, including the potential it offers as an alternative economic model, there has been a striking lack of scholarship on the producer-consumer relationship.

To shed new light on the crowdfunding of audiovisual projects in the autonomous community of Catalonia in north-east Spain, in June 2013, I conducted an online survey of 101 individuals who made donations through the country's Verkami platform. This survey was designed to reveal their motivations for doing so, and their perceptions of crowdfunding. Rather than providing a series of definitive answers, the results of the survey were envisaged as a springboard from which to generate hypotheses that might shape future research. The data returned by the survey was complemented with statistics issued by Verkami.

Participation, collaboration and convergence culture

A number of scholars have sought to account for the changing circumstances in which cultural production takes place. Some simply emphasize that the transformation of communications media is a product of the culture industries responding to digitization through the adoption of digital formats.[6] By focusing on the use of technology, these scholars suggest that a newly reshaped media landscape has emerged, one that is hybrid insomuch as it is characterized by a meeting of old and new media. Henry Jenkins famously conveyed this development through the term "convergence", wherein cooperation takes place among media companies, wherein content flows through multiple media plat-

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3) Jenkins, *Fans, Bloggers, and Gamers*.
4) Tim Kappel, 'Ex Ante Crowdfunding and the Recording Industry: A Model for the U.S.?', *Loyola of Los Angeles Entertainment Law Review*, vol. 29, no. 3 (2009), pp. 375–385; Jenkins, *Fans, Bloggers, and Gamers*.
5) Antoni Roig, 'La participación como bien de consumo: una aproximación conceptual a las formas de implicación de los usuarios en proyectos audiovisuales colaborativos', *Análisi*, no. 40 (2010), pp. 101–114.
6) Jenkins, *Fans, Bloggers, and Gamers*; Deuze, 'Corporate Appropriation of Participatory Culture'; Yohai Benkler, *The Wealth of Networks: How Social Production Transforms Markets and Freedom* (New Haven: Yale University Press, 2006); John Banks and Jason Potts, 'Co–creating games: a co–evolutionary analysis', *New Media and Society*, vol. 12, no. 2 (2010), pp. 253–270, etc.

forms, and wherein consumers skip between media in pursuit of entertainment.[7] Of course, such processes are not just technological;[8] they are also social, cultural, political, and economic in character.[9] The potential for new forms of media engagement leads Jenkins to talk of convergence culture as an ongoing process rather than as a point of culmination.

A tension emerges from the redrawn boundaries between the media producer and consumer. On one hand, the reduced cost of producing and distributing content, coupled with the new channels of promotion, has opened up new and efficient ways of creating and poaching content, of assigning ownership to it, and ultimately of redistributing it. On the other hand, the ownership of audiovisual content is concentrated in a small number of powerful corporations that dominate this sector. Yohai Benkler has suggested that the development of new information and communications technologies has given rise to increased collaboration at the level of production, highlighting a paradigm shift wherein the internet has enabled disparate individuals to come together on grass roots projects like the online encyclopedia Wikipedia.[10] Such examples represent a new phase in social organization, one in which non-mercantile production nevertheless generates properties of great financial worth. The rise of new digital technologies has changed transaction costs in such a way as to facilitate the emergence of a new sector of production. Where collective initiatives were once only possible when they were underwritten by private organizations or by state institutions, it is now possible for informally organized collections of individuals to work toward a common media goal, hence the notion of "social production" aimed at developing "social commons" (or free software).

The emergence of a network society provides citizens with a greater level of autonomy than heretofore, and permits new forms of human interaction and collaboration in three key ways:[11] the capacity to self produce, the capacity to establish relationships and build communities, and the capacity to set up organizational structures that operate within and outside the market.[12] In the cultural sphere, Benkler refers to the "social producer" as a new agent on the side of cultural industries, a "prosumer" who lies somewhere between an amateur and a professional producer of cultural artifacts.[13]

Participation has become a key concept with which to understand the emerging media practices that were made possible by new technologies. In this sense, the term "participative culture" is used to designate the cumulative impact of individuals contributing actively to the assembly, the alteration or the distribution of media.[14] It therefore sets these individuals apart from the traditional passive consumer of media. Rather than operating wholly separate of one another, media producers and consumers now interact.[15] Accord-

7) Jenkins, *Fans, Bloggers, and Gamers*; Henry Jenkins, *Convergence culture. La cultura de la convergencia de los medios de comunicación* (Barcelona: Paidós, 2008).

8) Jenkins, *Convergence culture.*

9) Antoni Roig, *Cine en conexión. Producción industrial y social en la era "crossmedia"* (Barcelona: Editoria UO-Cpress, 2009).

10) Benkler, *The Wealth of Networks.*

11) Manuel Castells, *La sociedad red: una visión global* (Madrid: Alianza Editorial, 2006).

12) Benkler, *The Wealth of Networks.*

13) Ardevol et al., 'Prácticas creativas y participación en los nuevos medios'.

14) Jenkins, *Fans, Bloggers, and Gamers.*

15) Jenkins, *Fans, Bloggers, and Gamers.*

ingly, the traditional relationship between the two has been reformulated to the extent that the lines between producers and consumers have become increasingly blurred. Participation is therefore structured around platforms that enable users to upload and to share content, thereby centralizing the internet in such practices.[16] Participation can therefore be seen as a process that involves a number of different agents whose involvement exceeds the strict hierarchies that were inherent to previous models of media production, dissemination, and consumption.[17] This distinction is of particular importance to the analysis of crowdfunding because it sees participation as characterized by varying degrees of commitment, and shaped by economic forces.

Crowdfunding or Mass Funding

Crowdfunding has been defined as "an open call, mostly through the Internet, for the provision of financial resources either in the form of donations or in exchange for some form of reward and/or voting rights in order to support initiatives for specific purposes".[18] In other words, it is a financing system that is characterized by small donations which are given in response to an open call issued to the users of a particular social network site. Crowdfunding is growing as a method of financing independent films, with, for example, ten percent of those screened at the 2013 Sundance Film Festival underwritten by such means, notably through the Kickstarter platform.

It is difficult to propose a typology of crowdfunding as there are some many different variants of this practice, relating to formats, genres, budgets, and the objectives of those involved.[19] Nevertheless, we can identify two broad — although by no means mutually exclusive — categories into which financing of this sort falls, based on the presence or absence of a platform responsible for supervising the solicitation and distribution of donations. Usually platforms such as IndieGoGo and Kickstarter in the United States, and Lanzanos, Goteo, and Verkami in Spain, operate to strict rules with respect to how a project is promoted, to the timeframe in which contributions can be made to a project, and to the returns investors will receive. The platforms themselves receive a percentage of the revenue that is ultimately generated by the project they have supported. Nevertheless, trust plays a key role. With no legally binding contracts in place, backers must place their faith in the project coming to fruition, and in the producers handing over the designated share of the profits (in the event that the work actually makes it into the black).

Because it can be approached from multiple angles, crowdfunding enables us to reflect on many of the facets of participative culture. Contributing to the financing of such projects is best seen less as commercial speculation than as an act of symbolic exchange. Fully aware of the fact that they are unlikely to see a return on their investments, donators ef-

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16) Schäfer, *Bastard Culture!*
17) Antoni Roig, 'La participación como bien de consumo: una aproximación conceptual a las formas de implicación de los usuarios en proyectos audiovisuales colaborativos'.
18) Benjamin Larralde and Armin Schwienbacher, 'Crowdfunding of Small Entrepreneurial Ventures,' Book chapter for D. J. Cumming (ed.), *Entrepreneurial Finance*, forthcoming at Oxford University Press.
19) Roig et al., '¡Esta película la hacemos entre todos!'

fectively function as traditional patrons of the arts who, in previous centuries, would sponsor art for art's sake, rather than for potential monetary reward.[20] A key difference is the collective nature of crowdfunding; joint action is needed because a single donation is unlikely to be sufficient to singlehandedly bankroll a production.

In terms of the creative process, crowdfunding transforms what we might previously have seen as a creative practitioner or an artist into a finance manager. Such figures differ from their forerunners insomuch as they must now cultivate relationships with the public prior to executing their creative practice — although the public still exerts negligible direct influence over content once a project is in production. Furthermore, crowdfunding serves a community building function on account of its potential to forge a common bond between the various individuals who donate to a project and follow its development.

As a relatively new phenomenon, crowdfunding has only recently drawn scholarly attention, with early studies tending to prioritize economic issues over production and assembly. To date, scholars have therefore considered whether or not crowdfunding represents a viable alternative to traditional financing systems, and have sought to ascertain the conditions that determine the success of some calls for production capital over others. They have suggested that problems in accumulating sufficient contributions to bankroll a production indicate that crowdfunding might best serve as a complement to traditional forms of financing; as a means of bolstering larger contributions made by entrepreneurs, companies, and state bodies.[21] Furthermore, as Chris Ward and Vandana Ramachandran have shown, crowdfunders are influenced by the success or failure of related projects, and their actions are affected by those of their peers.[22]

Crowdfunding in Spain: The Case of Verkami

In the last four years, crowdfunding platforms have raised over $100m in the United States, yet, such initiatives are newer to Spain, and have generated significantly less production capital. While this may at first seem disappointing, we need to bear in mind the fact that platforms are a very recent development in Spain, and that an increase in donators and donations does in fact suggest that they are starting to take off.

In spite of still being in its infancy, Spanish crowdfunding initiatives have nevertheless secured sufficient capital to bankroll a small number of projects. The first Spanish film to be financed in this way was THE COSMONAUT (2013). Led by newcomer Nicolas Alcalá, the team behind this science fiction movie collected almost €100,000 from 5000 contributors — a sum that was bolstered by funds acquired from the state and from private investors. The Catalan documentary L'ENDEMÁ is considered to have been the most successful

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20) Dorian Frederick, *Commitment to culture: Art patronage in Europe, its significance for America* (Pittsburg: University of Pittsburgh Press, 1964).

21) Braet and Spek, 'Crowdfunding the Movies'.

22) Chris Ward and Vandana Ramachandran, 'Crowdfunding the Next Hit: Microfunding Online Experience Goods', conference paper given at NIPS 2010: Computational Social Science and the Wisdom of Crowds (December 10, 2010), also available from:
<http://people.cs.umass.edu/~wallach/workshops/nips2010css/papers/ward.pdf> [accessed June 25 2013].

European crowdfunding project to date.[23] Backed by the high-profile filmmakers behind such ventures as 2010's BLACK BREAD, this call for Catalan independence secured €350,000 from over 8000 donators, based in part, it would seem, on its political subject matter having resonated with users in this region.[24]

In the last years, over twenty Spanish platforms have sprung up.[25] Among the most important is Verkami, which boasts more completed projects, more members, and more donators than any other Spanish platform. It has secured around €4m for over 850 projects, the majority of which concerned the production of music or audiovisual fare.[26] The platform was launched in 2010 to support "independent artists who are seeking funding to make their projects come true. An audience turned patron, will make that happen while receiving exclusive rewards in return".[27] An internal selection process identifies viable projects which are then allocated a forty day campaign, during which time applicants must specify their financial targets, and attempt to secure sufficient donations to start production. Verkami effectively operates an "all or nothing" service insofar as a project must meet its production capital target or risk having donations cancelled if it falls short. The company itself makes money by taking five percent of the denotations of those projects that meet their target; the producers retain the rights to their work.[28]

As of February 2013, Verkami had hosted 1348 campaigns, of which 868 or seventy-seven percent had met their production capital targets, with 338 failing to do so, and another 142 still running at the time of writing. This high rate of success drops to sixty-nine percent for audiovisual projects, but these figures are nevertheless extremely strong compared to large US platforms such as Kickstarter, which boasts only a fifty percent success rate for all projects.[29] As a consequence, Verkami has enabled applicants to secure in excess of €4m, or an average of almost €4000 per project. While data on the budgets of specific projects is unavailable at this time, this platform mainly supports low-end media (see Figure 1). Thirty-one percent of projects are musical in nature, twenty-eight percent are films, and the remainder comprises a mixture of editorials, photography, performing arts, and social events.

It is possible to identify some trends in the origins and types of project that are completed. Of all completed projects, a large number — seventy-three percent to be precise — are from Spanish applicants, with the remainder comprising applicants from Mexico, Colombia, Argentina, Chile, France, Italy, Portugal, and Germany. Successful Spanish projects tend to originate either from Catalonia or Madrid. A total of fifty-two percent of projects are Catalan in origin, and they boast an eighty-eight percent rate of reaching their production capital targets. If we take into account the fact that Verkami is a Catalonian platform, it is possible to suggest that this platform operates in a fairly limited social envi-

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23) The Verkami page <http://www.verkami.com/projects/4171-l-endema> [accessed August 8 2013].
24) The Pa negre page <http://www.panegre.com/> [accessed August 8 2013].
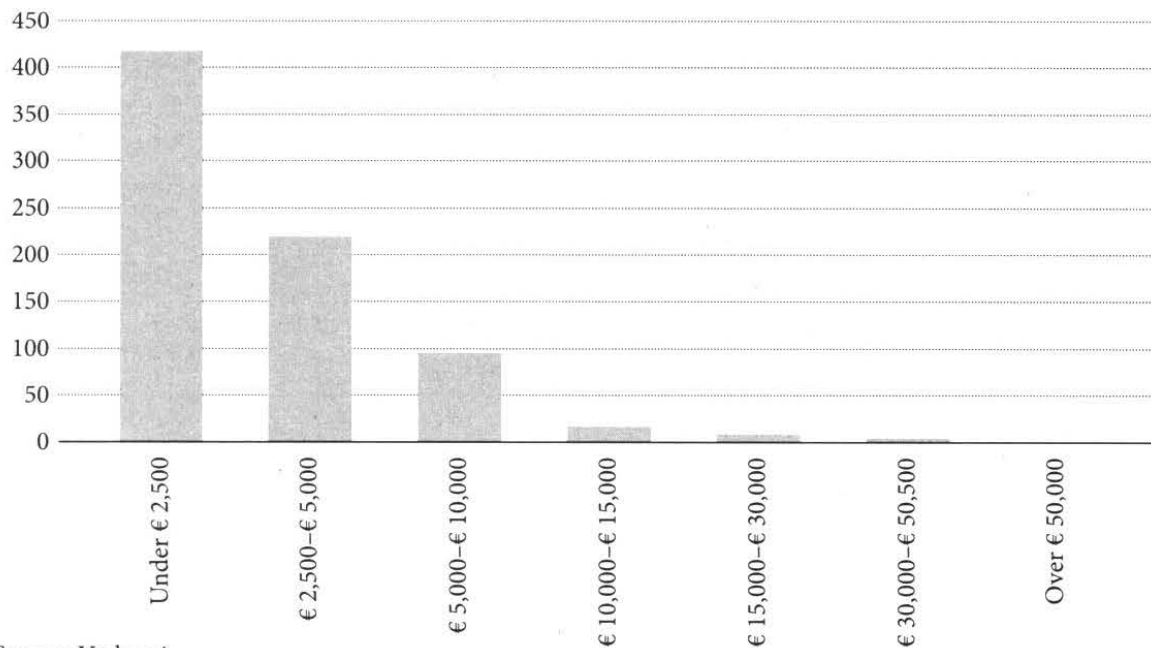25) Just to name some of them: Goteo <www.goteo.org>, Lánzame <www.lanzame.es>, Kifund <www.kifund.com>, Mynbest <www.mynbest.com>, Potlatch <www.potlatch.es>, etc.
26) The Verkami page < http://www.verkami.com > [accessed August 8 2013].
27) The Verkami page < http://www.verkami.com/page/about > [accessed August 8 2013].
28) Ibid.
29) The Kickstarter page <http://www.kickstarter.com/help/stats?ref=footer> [accessed August 8 2013].

Figure 1   Verkami Pledges 2010 to February 2013

Source: Verkami

ronment. Forty percent of audiovisual projects carried out are short fictional films, with the remainder comprising a mix of feature films, series, and video clips. Forty-five percent of these works are documentaries, and twenty-five percent of them are from first-time directors. Of the platform's 130,000 registers users, 22,000 have donated to an audiovisual production, with an average 1000 donators needed to ensure that a project reaches its production target.

The survey revealed a number of reasons that donors offer to explain their financially supporting a project (see Table 1). It showed that interpersonal relationships play a key role in successful crowdfunding initiatives; sixty-seven percent of the donators surveyed had previous relationships to one or more of the applicants to whom they gave money.[30] Another important factor in donating to a project is the content of the project. This suggests that, while an established relationship between an applicant and a donator offers an important incentive for donators, it by no means guarantees a donation will be forthcoming. Conversely, potential rewards do not appear to be a driving force behind donations, with only sixteen percent of respondents suggesting that material or financial returns had inspired them to crowdfund.

A similar set of results were returned when I asked donators about the factors that shaped their decision to back certain projects (see Table 2). Thus, a major driving force behind this decision is the perceived quality of the final project, a sense of quality that is based on the promise it shows in the early stages of development, especially the manner in which the project is promoted on its website. Moreover, and contrary to Ward and Rhamachandran's findings, the previous support that a project has received appears not to

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30) Ardevol et al. 'Prácticas creativas y participación en los nuevos medios'.

Table 1   Reasons for donating to a project

Reason Given	% of donators
I know the filmmaker or someone in the team personally	67.3
I like the idea behind the project	64.4
I like to support independent projects	36.6
I know about the career of the filmmaker or someone in the team	24.8
I would like to receive the reward that is being offered	15.8
I am a filmmaker who is in a similar position myself	13.9
I know a friend or a relative of the filmmaker or someone in the team	11.9
Other	1.0

Source: Author Survey

have exerted a major influence on donators; the "peer effect" was for the most part not in effect here.[31] Also influencing donators is the background of the filmmakers, and personal relationships to those involved. Again, the rewards being offered do not tend to incentivize donators.

Table 2   Factors shaping donations

	Very important	Important	Of medium importance	Of Little importance	Not important
Theme/Idea	75.2%	18.8%	5.9%	0%	0%
Reward	12.9%	21.8%	29.7%	24.8%	11.9%
Perceived quality	54.5%	39.6%	4.0%	2%	0%
Amount of support	2%	5.9%	26.7%	49.5%	15.8%

Source: Author Survey

As noted above, perceptions of quality are the key factor that determines whether or not individuals will donate to a particular project (see Table 3). Perceptions of quality derive from a number of different phenomena. In this respect, existing support for a project does indicate quality albeit not to the extent we might expect based on previous studies. Rather, the image of the project posited by information found on the website exerts the greatest single influence; such information serves to recruit donators from beyond an inner circle of contributors comprised of individuals who already know the applicant personally. Nevertheless, the backing offered by others within the circle does serve as a guarantor of quality for some fifty percent of the individuals surveyed.

In light of these findings, scholars might consider adopting more nuanced approaches to the relationships between cultural producers and their backers in order to develop a deeper understanding of the motivations, identities, and perceptions of crowdfunders.

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31) Ward and Ramachandran, 'Crowdfunding the Next Hit'.

Table 3   Determining the perceived quality of a project

Reason Given	%
The amount of support it has already received	59.4
The trailer or the information found on the website	54.5
The background of the filmmaker or other team members	52.5
I know the filmmaker or the team personally	50.1
It has previously secured funding	38.9
If the idea is good, the quality of the project is not that important	23.8
Advertisements have been placed on radios, in newspapers or on blogs	16.8
It is in an advanced stage of production	8.9
Other	3

Source: Author Survey

Such an approach promises to help us understand, among other things, whether crowd-funding represents a genuine paradigm shift or just a trendy fad in cultural production.

Talia Leibovitz holds a degree in Sociology from the Pontificia Universidad Católica de Chile and a Master's degree in visual anthropology from the University of Barcelona. She is currently a Ph.D. Candidate at the "Information and Knowledge Society" programme of the Open University of Catalunya and the Internet Interdisciplinary Institute. Her research in Film Studies focuses on cultural production and collaborative practices in the digital era. She is a part of the research group MEDIACCIONES at the UOC. She has also directed several documentaries and short films.

Cited Films:

The Cosmonaut (El Cosmonauta; Nicolás Alcalá, 2013), *L'Endemá* (Isona Passola, premiere expected in 2014), *Black Bread* (Pa negre; Agustí Villaronga, 2010).

SUMMARY

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The nature of cultural production and consumption continues to undergo profound changes. New platforms, new media, and new types of cultural agent, coupled with easier access to the means of production and promotion, has generated a multitude of new media forms, redefined the production and consumption of cultural products, and profoundly altered the relationships between media, industries, and audiences. Accordingly, this paper examines crowdfunding in Spain. It is based on an online survey of backers who have supported audiovisual projects through that country's Verkami platform, along with publically available data, to shed light on the motives and perceptions of donators.