

Retail

Booksellers Weigh the Pros and Cons Of Crowdfunding

Since digital crowdfunding platforms first debuted, independent booksellers have consistently used them to help support a variety of initiatives. What was once an unusual and innovative approach to raising capital has, over the past decade, become a mainstream method for financing creative projects. From Oakland, Calif., to the New York City, crowdfunding booksellers have a shrewd sense of when to turn to a digital community for support, what it can do for their bricks-and-mortar operations, and where crowdfunding's limitations lie.

Minneapolis's Boneshaker Books turned to Kickstarter and Indiegogo four times in its first seven years, beginning



Minneapolis's Boneshaker Books turned to Kickstarter and Indiegogo four times in its first seven years to help fund the store.

with a 2011 campaign to support its initial store build-out. The social justice-oriented community shop, which is run entirely by volunteers, raised a little more than its \$5,000 goal in that early campaign. Boneshaker continued to use

crowdfunding as a way of covering annual losses. "For the first few years, every year we would do a fund-raising drive because we were a new business," explained Aaron King, a collective member and bookseller. "We would go to our customers and say, 'This is how much we came up short.'"

The platforms allowed Boneshaker to set fixed, all-or-nothing, or flexible fund-raising targets and offer rewards in return for support. Most importantly, King said, the platforms offered a professional look that a small bookstore might not otherwise have. "It looked a lot more official," he said, and they made it easier for the bookstore to collect donations, providing a link and a streamlined online billing process.

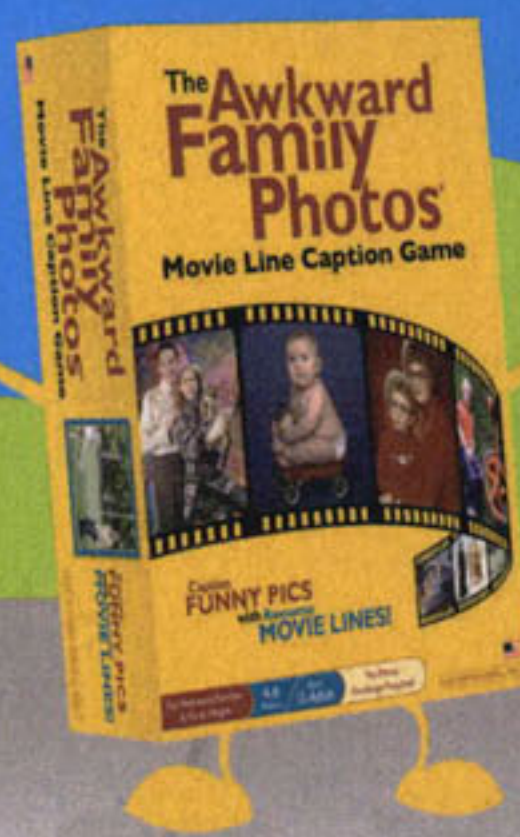
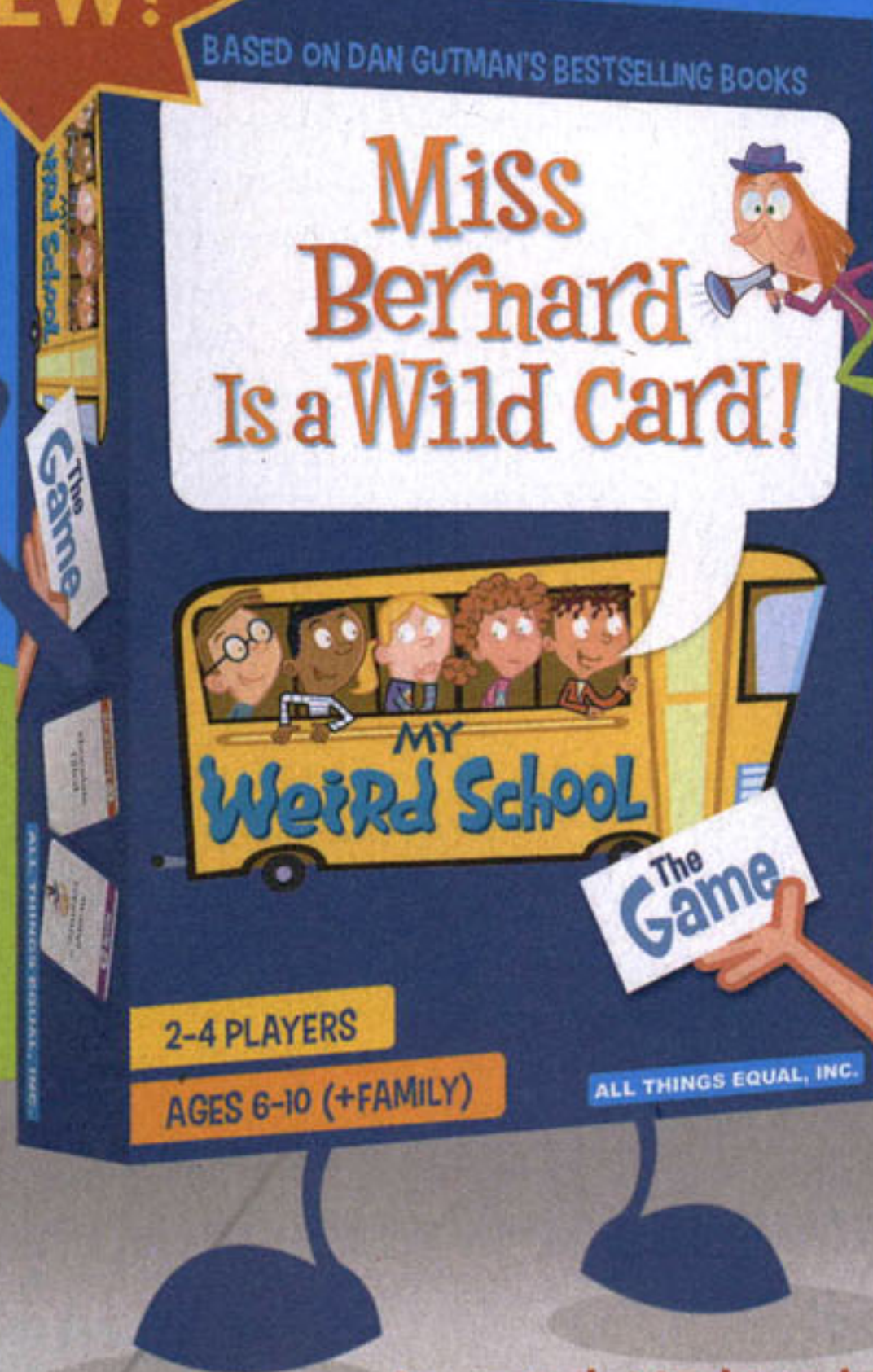
As Boneshaker's financial condition has improved each year, King said its inclination to use crowdfunding has diminished. Looking back, however, he believes the store's fund-raising success

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came from tying the financial goals to rewards that got people to come into the store.

For booksellers that use crowdfunding, getting people into their stores is the key to success, said John Trigonis, a creative campaign strategist with Indiegogo, a platform that indie bookstores tend to prefer to Kickstarter, which has connections to Amazon. "Booksellers have to think strategically about how to get people into the bookstore, before it even opens," he added.

That was the case for Noëlle Santos. Her store, the Lit. Bar, which is slated to open in 2018, will be the only bookstore in the Bronx. Santos said that lenders and landlords were unwilling to support her because they weren't convinced she would be able to get readers to come into the shop. "Raising capital in communities like mine is difficult," Santos said. "Discrimination is a factor." With crowdfunding donors, on the other hand,

"nobody cares if you're black, Hispanic, a woman, fat, skinny," she added.

Santos said she was initially reluctant to turn to the community for support, but, in January 2017, she launched an Indiegogo campaign to raise \$100,000. She ultimately took in more than \$150,000 from 1,843 backers. "It didn't just serve as a fund-raiser," Santos said. "It served as a petition." After surpassing her goal, she said, banks and landlords were willing to speak with her because she had proven that the community was able to support the store.

For Brad Johnson at East Bay Booksellers in Oakland, Calif., crowdfunding was one component of a larger effort to shepherd his bookstore through a major transition. Johnson was the manager of the business, then called Diesel Books, when the owners offered him the opportunity to purchase the store in 2016. To generate the \$200,000 needed to take over the store, Johnson primarily

turned to a "loan share" model, seeking to have 51 supporters give the company low-interest loans of \$1,000 and up. He soon realized, however, that two crucial audiences weren't buying in: "There were customers who were not able to give \$1,000, and some people in publishing who didn't want to be bothered with the loan structure."

For Johnson, leaving anyone out seemed like bad business and poor community engagement. He decided to launch an Indiegogo campaign with a flexible goal to allow customers to donate as little as \$25. While the loan shares ultimately provided the bulk of his goal—\$165,000—the Indiegogo campaign chipped in another \$9,165 from 77 backers, leaving only \$25,835 for Johnson to finance personally.

For Aaron King, the basics of running a successful campaign are straightforward: "Have a clear message and a clear reward." But he also cautioned that booksellers should "be prepared for how long it takes—it always costs a bit more and takes a bit longer" than they might expect. Johnson and Santos echoed that sentiment, noting that the added effort of raising funds and delivering rewards caused delays in their planning.

King also points to a trend emerging as crowdfunding has become more mainstream, noting that he gave personally to almost 50 campaigns when he first discovered digital crowdfunding, but now only gives to three per year. Trigonis said King is not alone, noting that backers have "become more savvy, because crowdfunding is not new anymore." He added, "They have realized that they can't possibly give their money to 50 campaigns and make educated decisions."

Still, Trigonis believes that the community focus and creativity of bookstores will continue to be a good match for the technology of crowdfunding. Even as the novelty wears off, he said, simple common sense may mean that crowdfunding will be "a mandatory part of setting up if you want to engage your audience before you get up and running."

—Alex Green

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