Rifò (i.e., re-do) - kick starting a born circular firm with crowdfunding

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Our case study is about Rifò, a circular textile firm founded in 2017 in Prato (Tuscany, center of Italy) by two young founders, Niccolò Cipriani, a Bocconi graduate in international economics and management, and Daniele Ceni, a Fashion designer. The start-up makes high-quality garments and accessories, using 100% upcycled textile fibers, having the mission to “*transform old clothes into a new yarn which we use to craft new warm and soft products”.*

The case objective is to analyze how the firm used and leveraged crowdfunding for international market entry. Crowdfunding platforms have become very popular in the digital era. According to Investopedia[[1]](#footnote-1), in 2022 people have raised around $34 billion worldwide through these platforms and their importance is expected to outgrow venture capital funding.

The reasons for their continuously increasing popularity among individuals and businesses lie in the versatility of crowdfunding, allowing them to fund personal needs, nonprofit causes, single projects or even the launch of a business jointly with their ease of use that guarantees a pleasant experience for both fundraisers and their supporters.

In general, the case may be used to discuss whether born circular firms are advantaged or disadvantaged regarding international market entry. For example, given that they are relating to global ‘Grand Challenges’, one may discuss whether they find a global customer segment more readily.

***Rifò’s customer segment***

* *Dedicated to a specific customers segment:*
	+ *Between 20 and 45 years old*
	+ *Playing sport*
	+ *Traveling*
	+ *Believing in the sustainable development*
	+ *Volunteering experiences (interest in social issues)*

The case may also be used to evidence the impact of a changing external landscape, here for example in terms of awareness and acceptance of sustainable products on the customer side, market trends and competition, or more general conditions as triggered by the Sustainable Development Goals or digitalization.

**Answers to questions**

1. **What do you think of launching a crowdfunding campaign for Rifò in the US? How would you design it?**

Together with angel investor funding, crowdfunding is the most used fundraising means in the U.S.[[2]](#footnote-2) Estimates indicate that 22% of American adults contributed to a crowdsourced online fundraising project – especially those among 18-29 years old[[3]](#footnote-3).

Given that Rifò’s target segment is aligned with this age group, it may be a good idea to launch a campaign targeting the U.S. Additionally, the fact that many crowdfunding platforms promote creativity and put empowerment at their core would point the exploration of crowdfunding, assessing the most popular crowdfunding platforms, namely Kickstarter and Indiegogo for potential and fit. The firm could opt for a crowdfunding campaign with flexible goals so that it can get financed even if it does not reach the established funding goals.

Table1: Kickstarter: features

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| --- | --- | --- |
| Mission | How it works | Type of financed project |
| “Our mission is to help bring creative projects to life. We believe that art and creative expression are essential to a healthy and vibrant society, and the space to create requires protection.We don’t want art world elites and entertainment executives to define our culture; we want creative people—even those who’ve never made anything before—to take the wheel. We help creators connect directly with their communities, putting power where it belongs.We are so committed to our mission that we wrote it into our business model. In 2015 we became a Public Benefit Corporation—a for-profit company that prioritizes positive outcomes for society as much as our shareholders. We updated our corporate charter to lay out specific goals and commitments to put our values into our operations, promote arts and culture, fight inequality, and help creative projects happen” | On Kickstarter everybody can create a project, set a funding goal and a campaign duration between 1 and 60 days. Rewards are set and provided to the backers once the project is completed.Kickstarter’s all-or-nothing funding model ensures that if the project proponent reaches or surpasses the goal by the chosen deadline, he/she receives the funds, minus the [5% fee](https://help.kickstarter.com/hc/en-us/articles/115005028634-What-are-the-fees-) for the platform.You’ll receive your funds two to three weeks after running a successful campaign. From there, it’s time to complete your project and fulfill rewards for your backers. | Kickstarter finances especially creative projects in these categories: Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theater. |

Indiegogo: features

|  |  |  |
| --- | --- | --- |
| Mission | How it works | Type of financed project |
| Indiegogo’s mission is to empower people to unite around ideas that matter to them and together make those ideas come to life. Providing a safe, secure, and trusted platform is an essential part of achieving that mission. We want to provide our backers with the information that they need in order to feel confident supporting innovative products as they make their way all the way from concept to market. It’s a global collaboration built on transparency, trust, and a passion for those “a-ha!” moments. | Indiegogo offers two types of funding options: flexible and fixed. Flexible funding allows the proponent to keep the funds raised, even if the project does not hit 100% of the goal. | Indiegogo presents many advantages from a small business perspective as it allows the proponent to learn from customers as creative partners and to get help with marketing strategies or some guidance on manufacturing,Projects are financed in four key areas: design, food, fashion, and craft. |

Rifò could launch a crowdfunding campaign on Indiegogo by employing a flexible funding option so that the project does not need to reach 100% of the goal. This type of funding is ideal for validating the idea and test the size of the potential market. It also helps when goal setting is difficult, as is the case in an ‘unknown’ (crowdfunding) market. Also, Indiegogo’s key areas, fashion (as well as craft and design) are closely related to Rifò’s offering so the fit and the presence of the target audience should be given.

In the design of the crowdfunding project, the firm may test and differentiate the target groups (and learn from the results respectively – see questions 2 and 3).

1. **In general, how could Rifò design a crowdfunding project to learn about and expand market demand internationally?**

A possible campaign could be designed starting from the “Made in Italy” (and its halo effect regarding design and fashion) and/or “sustainability”. Leveraging “Made in Italy” can generate the ‘prism effect’ of the country of origin, letting Rifò acquire a higher positioning than the one it reached in the home country. Crowdfunding projects also heavily rely on storytelling techniques to explain the brand, its mission, the entrepreneur’s vision, and more in a personal and emotionally capturing way. Needless to say, it is about choosing the right content - words, images, and videos that account for buzz - and for being picked up by the platform’s algorithm. Testing with an early audience here may be an option. We mentioned above that fashion is one of Indiegogo’s key areas. This also means that emerging in a large category may be more difficult, emphasizing again the need for an attractive story and supporting activities. Support may come from establishing partnerships with international environmental associations such as “Greenpeace” and ambassadors that could help the firm get ‘international’ recognition and legitimacy and tap existent networks and communities. Also, related businesses could be approached with this same objective.

Tapping personal and professional networks and promoting the crowdfunding project through digital channels (online marketing campaigns) even before it is launched is a key element to expanding the pool of backers. The firm could propose different types of crowdfunding options, from a minimum contribution to more engaging options, asking backers to take part in co-creation projects (see question 3).

1. **How would you collect feedback and co-create with your customers through the chosen crowdfunding platform?**

Co-creating with customers has been shown to have many positive outcomes such as the identification of market opportunities, the improvement of the product or service, and the brand itself. In particular, about crowdfunding, it assists in building early a community, tapping the community’s network, getting positive word-of-mouth and, of course, backers.

Rifò may explore many options to co-create with its backers (and then customers). For instance, it could send a survey to them after their participation in the crowdfunding campaign to ask for feedback. It could also develop some engaging activities such as the launch of a photo contest, that could be called “Rifò in Country X”: backers could financially support the project, receive a product in pre-sale, and then post pictures on social media containing a Rifò product to increase the *brand awareness*, and receive rewards in exchange. Backers could also make short videos to tell the product story, their feelings towards the brand, and their engagement to make a change towards sustainability.

Backers could also become designers themselves and through the crowdfunding platform, they can propose new products design and features. The most voted proposals will be produced with the writing “designed by [NAME]”. This co-design would increase bonding with the brand.

**Summary**

The U.S. market seems promising from a crowdfunding perspective as it offers a variety of platforms to raise funds, and they are widely used by the youngest generations that are those targeted by the firm. Engaging customers via crowdfunding campaigns through co-creation activities could have many positive implications: improve the product features, involve potential customers in the circular mission, and build a long-lasting community.

1. https://www.investopedia.com/best-crowdfunding-platforms-5079933 [↑](#footnote-ref-1)
2. https://www.exportusa.us/finanziamento-startup-statiuniti.php#:~:text=Assieme%20alla%20presentazione%20agli%20angel,trovare%20finanziamenti%20negli%20Stati%20Uniti. [↑](#footnote-ref-2)
3. <https://www.pewresearch.org/internet/2016/05/19/collaborative-crowdfunding-platforms/#:~:text=22%25%20of%20American%20adults%20have,website%20like%20Kickstarter%20or%20GoFundMe> [↑](#footnote-ref-3)