



Crowdfunding: Towards a redefinition of the artist's role – the case of MegaTotal

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Abstract

This article uses empirical research conducted on MegaTotal, a crowdfunding platform operating in Poland, in order to demonstrate the complexity of the relations between project initiators and contributors in equity/royalty-based crowdfunding. The presented research shows how differences among crowdfunding models have an impact on relations between project initiators and contributors as well as the collection process for funding by comparing MegaTotal and Kickstarter. The article proposes an analysis of these relations depending on crowdfunding type, the size and structure of the pre-existing fanbase, and the project initiator's opinion on the role played by contributors. Our research shows that elements both suggesting that crowdfunding empowers fans and that it can be used as a means of exploiting them may be found in the analysed model of crowdfunding.

Keywords

crowdfunding, fandom, Kickstarter, MegaTotal, record labels

As of March 2015 Kickstarter, considered to be world's biggest crowdfunding platform, successfully funded over 81,000 projects. The most numerous categories are music (19,366 projects) and film and video (17,114 projects) (Kickstarter, 2015). These

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numbers are impressive and, in addition, it should be kept in mind they represent only one of an estimated number of almost 1000 platforms¹ worldwide. Clearly crowdfunding has become an important way of financing the production of cultural works. The growing importance of crowdfunding has been noted by researchers of cultural and media studies; however their attention has been concentrated mostly, although not exclusively, on big projects such as, for example, *Veronica Mars* (Booth, 2015; Hills, 2015; Scott, 2015). This is understandable, taking into account the need to explain how such significant resources were mobilized online and what this means for the relationship between artists, audiences and the creative industries. The focus on big projects, however, may show only one side of the truth about crowdfunding: only one music project (out of 19,366) and four film and video projects (out of 17,114) raised more than US \$1 million (Kickstarter, 2015). Moreover, the focus on Kickstarter, understandable and necessary as it is considering the size of that platform, may lead to an incomplete picture of the crowdfunding phenomenon. Not only is it only one of almost 1000 platforms, it also represents only one of several models of crowdfunding.

Consequently, there is a need for research on smaller projects, conducted on other platforms that employ different models of crowdfunding. This article aims to fill this gap by providing an empirical analysis of artists and contributors' perceptions of crowdfunding conducted on MegaTotal – a music-oriented platform which implements a significantly different model than that of Kickstarter. The goal of this article is to analyse how the relationships between project initiators (musicians) and contributors (artists' fans – and non-fans – who use the platform) are shaped on an equity/royalty-based crowdfunding platform. We are particularly interested in learning how these relationships are influenced by certain distinct features of the platform, such as the fact that participation in crowdfunding can bring profits to contributors and the existence of a permanent community of users of the platform.

The first section of the article discusses different perspectives on crowdfunding, ranging from its perception as a way of empowering artists and audiences to seeing it as a means of their exploitation. The second section proposes a framework which can be used to analyse relationships between artists and their backers on crowdfunding platforms. The third section discusses the methodology of the research. The fourth section employs the framework proposed in section two to analyse how the relationships between artists and contributors are shaped on MegaTotal. The final section offers conclusions.

Crowdfunding: exploitation or empowerment?

Analysis of crowdfunding through the prism of culture and media studies discloses an ambiguity relating to the character of relations linking the sides taking part in collecting funds. On the one hand, doubts are generated as to the status of fans in this new situation. This raises the question: are fans exploited in some way (by the artists themselves or by the publishers standing behind them)? On the other hand, a very important matter is the possibility and desire to influence the work, which directly stems from the model of fan activity. Two reservations must be made at this point. First, in a major portion of projects, the participation of the 'crowd' comes down to the expression of engagement through

donations, without any desire to influence the work. Second, it is obvious that not all crowdfunding platform users can be described as fans.²

In order to look at these matters, it is necessary to make reference to the tradition of research into fandom, including its newest findings relating to crowdfunding and the discussion raging within its framework on the possible exploitation of fans and their status in relation to artists and publishers, as well as regarding the potential for cultural counter-production contained in their activities (Booth, 2010, 2015; Chin et al., 2014; Hills, 2003, 2015; Jenkins, 1992). Some researchers of fandom stress the subversive and rebellious character of fan practices. This plays well in the context of consideration of the whole of popular culture understood as a potential space for resistance and something akin to semiotic guerrilla warfare (Fiske, 1992, 2010). In such a view, the form of consumption that is fan activity provides possibilities for a revaluation among the powers that be and leads to the redefining of the concept of 'producers' and 'consumers' with respect to cultural works, as well as equipping fandom with political potential coupled with the capacity to provide a voice for excluded groups (Hellekson, 2009). In line with this approach, crowdfunding would be a continuation and development of such practices thanks to the combination of the technological potential provided by the internet and its social dimension. Such a perception of crowdfunding portrays it as a phase in the empowerment of fans and a step towards 'the greater democratization of cultural funding by removing a layer of elite control and replacing it with distributed decision-making' (Bannerman, 2013: 18).

This in no way eliminates the risk of manipulation and exploitation on the part of producers, however. These can occur on at least three levels. First, fans designate their resources to support a project, the copyright of which belongs to a corporation. For example, this was the case with the *Veronica Mars* project, where the production of the film was financed thanks to deposits made by fans, as Warner Bros., the holder of rights to the title, did not choose to do so (Scott, 2015). As stated by Stanfill (2013), this may be considered a manifestation of the 'austerity logic of socialized risk and private reward'. Second, fans frequently put much time and effort into guaranteeing a project promotional support (D'Amato, 2014). Thus, even if we ignore the financial aspect, one may speak of free labour performed for the project initiators. Third, the influence of fans on the final form of the project – the movie, recording or video game – may prove illusory. On the one hand, artists may simply not wish to take into account the comments made by fans (see below), while on the other, the holder of the copyright (assuming that it is not the project initiator) may block the project if he or she concludes that the ideas of the fans are going in a direction deemed undesirable for him or her (Tushnet, 1996).

The complexity of this subject matter finds a perfect illustration in the discussion in *Transformative Works and Cultures*, with the participation of Bertha Chin, Bethan Jones, Myles McNutt and Luke Pebler (Chin et al., 2014). The authors base it on the example of the *Veronica Mars* campaign, where, on the one hand, there is the ambiguous role of the Warner Bros. studio and the position taken by Rob Thomas himself, who in no way hides his disenchantment as stemming from the need to be subordinate to the demands of fans (fans as 'naïve' consumers who procure a concrete product; Chin et al., 2014). On the other hand, however, opinions are referenced in which fans are not 'dupes' and, thanks to their participation in the campaign, they receive something more than the

finished product – social experience (Chin et al., 2014). At this point it is also possible to connect to the opinion of Potts (2012) that what we are facing in the case of crowdfunding is no longer fan activity in the traditional sense, but participation. Such a statement necessitates a redefining of the concept of *fan* itself (Potts, 2012: 72).

Another example of the complexity of the question is seen in allegations made against Amanda Palmer, who is a leader in applying crowdfunding to music production. In her statements, Palmer provides a unique lecture on the gift economy, which is to be based on mutual involvement and co-participation in the creative process as well as direct, close relations between the artist and fans (Potts, 2012). What is important is that this artist has been applying this model from the very beginnings of her activities, including letting fans onstage and meeting with them after concerts, which is a basis of a distinctive artistic philosophy (Palmer, 2013). Nevertheless, when she coaxed fans to participate actively, and for free, in concerts as musicians, it stirred controversies related to project financing. She was accused of dishonesty and questions were asked about what exactly happens with the money attracted through crowdfunding that is designated for the concert tour since she is additionally asking for unpaid labour on the part of fans. This led to repercussions in the form of many negative comments in the media, which forced the artist to explain herself publicly (Ronson, 2013).

Factors that influence relationships between artists and backers

Regardless of any doubts relating to the degree to which crowdfunding is tied to exploitation and to which fans are empowered, it should be stressed that it is difficult to indicate a single model of relations between project initiators/producers and contributors/fans. The specifics of these relations depend on the type of crowdfunding (Bannerman, 2013), the size and structure of the pre-existing fanbase (Scott, 2015) as well as the project initiator's opinion on the role played by contributors (Smith, 2015). These three factors are in turn discussed below.

Crowdfunding type

Since crowdfunding is at an early stage of development, all classifications are temporary in character. They may be reformulated as the phenomenon develops. This analysis assumes the benefits received by contributors as the criterion differentiating the various types of crowdfunding. Thus we can identify donation-based crowdfunding (where contributors do not receive any tangible benefits), reward-based crowdfunding (where contributors 'receive some kind of reward in return for their contribution'), lending-based crowdfunding (where contributors receive payment and/or interest on their investment), and equity/royalty-based crowdfunding where contributors receive 'equity-like shares' or 'a share of revenue earned in return for their investment') (crowdsourcing.org, 2013: 19).³ This classification encompasses all possible types of crowdfunding, including those that are not a subject of interest on the part of cultural and media studies (e.g. lending-based crowdfunding). In the case of our analysis, it is a comparison between reward-based crowdfunding represented by Kickstarter and equity/royalty-based crowdfunding

represented by MegaTotal that is the key. The most important difference between them is the uni-directional flow of money in the case of reward-based crowdfunding (exclusively from the contributors to the project initiator) as compared with equity/royalty-based crowdfunding (where the flow is in both directions and if the project begins to turn a profit then contributors are promised a share in that profit).

Size and structure of the pre-existing fanbase

As was noted in the introduction, to date, the bulk of attention on the part of researchers and the media has been attracted by major projects supported by well-organized groups of fans in existence prior to the launching of the project, for example, *Veronica Mars* (Booth, 2015; Hills, 2015; Scott, 2015). This is understandable. However, it should be remembered that they may proceed differently from projects implemented by artists who are little known and who have a small fanbase. It is for this reason that, in analysing any crowdfunding campaign, it is necessary to ask, each and every time, if the relation is based on a pre-existing 'cult', where the artist makes reference to already existing 'emotional capital', or not (Jenkins, 2006). It is in this context that Scott points to specific fan-ancing type projects, that 'directly solicit production capital from *pre-existing fan bases* of either a medium ... or specific media property ... [or] projects initiated by a creator or performer with a cult following' (2015: 170, emphasis added). This description would also encompass campaigns such as the *Veronica Mars* one or projects such as Amanda Palmer's. They assume a specific type of engagement on the part of the creator who identifies him- or herself as a member of a community, not someone who is above it. The best example is provided by the stance of Rob Thomas who, from the very onset of the *Veronica Mars* campaign, presented himself as a partner of the fan community (hence, the term, 'our' film, references to a specific film language when communicating with fans, and declarations of concessions made in the final form of the film, even if at the expense of the author's vision). What obviously remains is a question as to the degree to which such a stance is 'honest' (Hills, 2015; Scott, 2015). Thus the paratextual activity surrounding the campaign becomes a form of what Scott, quoting Hills, calls 'brand fanagement' (2015: 176), while Hills, quoting Marwick (2013), writes about 'self-brand', which 'requires frequent, ongoing emotional labor to maintain ... but the benefit is that Thomas is positioned as fan-like rather than as an archetypal industry insider' (Hills, 2015: 186). In this context it is the difference in projects undertaken by artists without a large fanbase that should be stressed (see below).

Project initiator's opinion on the role played by contributors

Artists have a whole plethora of views on the role that should be played by fans (Baym, 2012). Some wish to maintain full control over their works and see the role of fans as that of receivers-consumers. Others give fans the capacity to remix their works (e.g. Nine Inch Nails [Jarvenpaa and Lang, 2011]) or even enter into collaboration with them on a creative level, for example inviting them co-create the lyrics to songs (Gamble and Gilmore, 2013). In the context of crowdfunding, a significant element of the discussion on fan-creator relations is the matter of the 'rights to the work'. Not only is copyright a

problem (Henry Jenkins [2006] describes examples of conflicts between producers and fans in his earlier work, where the most famous involved George Lucas and the fans of his saga), but also the more general question of perceiving the social role of the artist and the rights this entails. In examining this subject, it is necessary to ask if the changes are perceived and accepted to an equal extent by both parties and how, if at all, artists are trying to adapt to the changing situation. At the same time it should be remembered that, depending on the type of project, relations in crowdfunding can be extremely varied and these differences are based on tiny nuances. There are still no developed rules, either on a social level or legal one. Thus, the above problem is often settled on the basis of an informal agreement in which both parties strive to adapt to their mutual expectations.

It may also be assumed that the shaping of the project initiator's opinion on the role played by contributors is also influenced by the type of project being undertaken. Even within the framework of projects in the area of media and entertainment it is possible to find certain differences relating to potential for intervention on the part of fans. As demonstrated by Smith (2015), in as much as fans of games can relatively easily take part in creative work on a crowdfunded game financed through them (for example forwarding comments of a technical character as well as regarding the game scenario), in the case of musical recordings this may be somewhat impeded for technical reasons (a lack of knowledge on the part of the audience as to the process of composing and recording music) or because of 'conventions of creativity' characteristic of a given genre that do not favour the creative participation of receivers (Negus, 1995: 334).

Data collection and object of study

As mentioned in the introduction, MegaTotal, the crowdfunding platform that is the subject of analysis in this article, operates according to a different model from that of Kickstarter, which is the one discussed most frequently in topical literature. MegaTotal was established in 2007 by the Sfera Interactive Agency of Łódź (Poland). MegaTotal is a platform that concentrates on music. Up to 30 April 2014 it was successful in attracting resources for the recording of 105 records. In January 2012, the platform introduced changes involving an opening up to other types of projects. This bore fruit in the collection of funds to produce two music videos, the publishing of one book, and the organizing of a live performance. The most important difference between MegaTotal and Kickstarter is the application in the former of investment mechanisms resulting in people who support popular projects receiving a return on their investment. The functioning of this mechanism is explained in subsequent sections (see Galuszka and Bystrov, 2013, 2014b). A further difference that should be mentioned is that, in order to support a project in MegaTotal, it is necessary to first make a specified deposit into one's account with the service, and that money is subsequently 'invested' in projects. This is different from the case of Kickstarter, where supporters' credit cards are charged only when the project reaches its funding goal. The business model is something else that differs between these two platforms. MegaTotal charges no commission. It earns mostly thanks to advertising income and a financial interest earned on funds contributed to the projects on the platform (Galuszka and Bystrov, 2014a). Kickstarter charges successfully funded projects 5

percent commission fee and a payment processing fee equal to '3% + \$0.20 per pledge' (Kickstarter, 2015).

The analysis conducted later in this article is based on empirical material collected among two groups of respondents: project initiators and project contributors. In-depth interviews were carried out with 30 project initiators – artists who collected resources for the recording of a record on MegaTotal. The interviews were conducted between June 2013 and September 2014. Their average duration was one hour. Transcripts were made. The list of respondents (the names of groups and stage names) and the dates of the interviews may be found in the Appendix. However, in order to guarantee the privacy of the interviewees, the quotations used in the article are anonymous.

Also, email interviews were conducted with 30 contributors over the period between November 2014 and March 2015. The interviews consisted of 10 open-ended questions concerning relations between respondents and artists as well as the functioning of the MegaTotal community. Invitations to take part in this research were sent to 159 users indicated by MegaTotal as being the most active in 2014 – that is, those who log into the service most often and support projects with greatest frequency. Responses were collected up to the point when replies from 30 contributors were received. It should be kept in mind that such a method for collecting responses does not guarantee representativeness. However, bearing in mind the qualitative nature of the study, this was not the objective. Contributors were rewarded by a small sum (ranging from €15 to €22, depending on the length of the reply) for providing a response. The oldest respondent was 66 while the youngest was 19. The average age of respondents was 34. Among the respondents, 10 were women and 20 men. The respondents were guaranteed full anonymity.

Relations between artists and contributors on MegaTotal

Type of crowdfunding

In contrast to Kickstarter MegaTotal applies equity/royalty-based crowdfunding. In practice, this means that each and every payment (except for the first) is subdivided into two equal parts, where one part goes to the project initiator and the other is distributed among earlier contributors in proportion to their participation in the project. In effect, every contribution increases the account of the project, but also determines the position of the backer on the list of project 'shareholders'. As successive deposits are made, each person who supported the project at an earlier point receives 'a share of the revenue earned in return for their investment' (crowdsourcing.org, 2013: 19). The flow of resources takes place in real time, which means that 'profits' are transferred to the accounts of contributors in the service the moment the given project attracts successive contributors. As a result of this mechanism, contributors have additional motivation that is not present in donation-based and reward-based crowdfunding. One of the respondents described this as follows:

Indeed, I made investments in many artists whose creativity was not what interested me, but in order to be able to immediately put any profits into artists with whom I had good contacts and whose work was closer to my heart. (Cx)⁴

Another respondent, when asked how important the investment aspect of the platform was, presented a similar opinion:

Rather important. At the very beginning it was support for artists. Selfless. However, there comes a moment when 'investing' opens up a road for financing certain artists at the expense of others. There is this point in time when it becomes a fun game: Who gets how much money for continued support? Sometimes you end up in the black and sometimes in the red. A zero sum was a good predictor that perhaps, at some point in the future, the project will take off and there will be further profits. There even came a moment when I wrote myself an investment calculator that allowed me to check the profitability of an investment at a given phase of the collection process. (Ce)

These two quotes show the difference between equity/royalty-based crowdfunding and the model applied by Kickstarter. However, in order to properly interpret this difference, it is necessary to take a look at the communication tools available at MegaTotal. It is these tools, in addition to the investment mechanism, that define the character of the service. Before changes to the platform were made in January 2012, the MegaTotal page had been equipped with a forum and a shoutbox that had been actively utilized by the service community.⁵ It was the central point of the service, the site of discussions among platform users as well as where project initiators encouraged investment in their projects. One respondent described the functioning of the MegaTotal communication tools as follows:

A lot of things were going on. The forum was very vigorous and discussions in the shoutbox were under way at almost all hours. The community was alive. People shared their thoughts on the projects, but they also discussed all manner of other matters. Internet friendships were forged that, sometimes, were carried over into real life. (Cq)

It may be stated that, in a sense, this process was the opposite of the process taking place at Kickstarter. In the case of MegaTotal, participants made contacts as a byproduct of supporting projects. At times, these contacts were transferred outside the platform. With Kickstarter, it was a situation where supporting a project was the result of knowing someone (belonging to the group of fans).⁶

Size and structure of the pre-existing fanbase

The combining of the investment mechanism with active use of social network tools is the reason MegaTotal should primarily be treated as a platform characterized by an active group of users linked by mutual ties. While Kickstarter, as a platform, used project initiators as a way for them to attract their fans so they could support a given project, MegaTotal is a platform where artists go in order to convince the community already functioning there to make deposits. Although it is true that some artists who were successful in attracting the funding goal had managed to do so thanks to the support of their own fans, family and friends invited to the platform, it was also thanks to convincing the steady users of MegaTotal to support them. The dominant view among respondents is that it is that second group that was the key to collection success. One

of the respondents indicated that ‘90 percent were people whom we did not know at all’ (Aj), although it is, of course, very difficult to make generalizations on this basis. A key element is that most project initiators on MegaTotal are artists in the early stages of their careers. In many cases they did not have a fanbase sufficiently large for deposits made on that basis to be adequate to issue any recording whatsoever. Thus, in comparing actions undertaken by initiators regarding projects on Kickstarter that attract the attention of the media (e.g. *Veronica Mars*, *Star Trek Renegades*), with efforts undertaken by the initiators of projects at MegaTotal, it may be stated that they differ in their utilization of the platform. In the case of the largest projects at Kickstarter, the project initiator, enjoying the status of a star, promoted his or her project using paratexts directed at fans – such as ‘launch video, campaign Frequently Asked Questions [FAQ], project update emails, creator interviews, and official statements/apologies’ (Scott, 2015: 168) – aimed at ‘establishing a tacit understanding of the balance of power between producers and consumers that would be paratextually reinforced throughout the production process’ (Scott, 2015: 176).

For its part, at MegaTotal, it is real-time communication between the artist and contributors that is of greatest importance. Communication takes place through the platform and the communicating parties are similar in status. One of the respondents captured this as follows:

What was very important was that it was necessary to make some kind of contact with these potential fans. It was not possible to treat them ‘across a desk’. Direct contact was necessary. It was necessary to write, devote two or three hours an evening, which was very tedious. And talk. (Aw)

The ties that were developed during such discussions translated into support for the projects. The following quote shows precisely how this mechanism worked during the period of MegaTotal’s greatest popularity:

To what extent was the making of an investment important? There are two important aspects around which this should be examined. As a community of people exchanging views – minimally important. What was of greatest importance was the contact, the exchanging of views, and often many friendships outside the portal itself.... On the other hand, the formation of such a close link with these people gave birth to ideas as to who should be supported, who has what kind of market potential, or can these materials achieve market success. It was then that investments were of great importance. They made development possible, which was what we longed for – the development of music. Investments were important, but only in as much as they allowed the transfer of profits to projects that according to us were of value. (Ce)

Project initiator’s opinion on the role played by contributors

Although artists we interviewed in most cases were quite open to engaging in new relationships with users of MegaTotal during the process of crowdfunding (which is more than understandable since otherwise they might well find it difficult to gather the desired sum of money), their perceptions of the roles of artists and fans outside of the context of crowdfunding are quite traditional. Some respondents claimed straightforwardly that

they see no possibility of allowing contributors to exercise an influence on their creative process:

the bottom line is that we would have a serious conflict if somebody tells us how we should play or what we should do to make it sell better, or because somebody wants it that way. (Av)

The above statement refers to the hypothetical situation of a fan demanding the right to take part in an artist's creative process, following Amanda Palmer's call for engagement and cooperation on both sides. If, however, as the quote suggests, artists find it difficult to accept fans taking part in their creative processes, then from the listeners' perspective crowdfunding becomes only a way of buying pre-sold records, complemented with the possibility of talking to artists in both chatroom and forums. This is very far from Palmer's understanding of crowdfunding.

The strong belief that artists are not supposed to be influenced by anybody when recording their music is demonstrated by their quite independent approach towards choosing the final tracklist of an album. One of interviewees said that when his band recorded an album containing different songs than those that were presented to contributors (as demo versions) during the gathering stage, some contributors asked for an explanation why this was done. This demonstrates that although contributors, just like a record label, give artists money to record an album, they are not treated by artists as business partners with whom an artist negotiates the final shape of an album.

Some respondents who theorized about the possibility of fans' involvement in the creative process declared that they did not see such a desire on the side of contributors:

There's this dualism of this situation, because on the one hand an artist wants to be fully independent, it's like signing ... a deal with a major record label.... There's the same dualism with fans. On the one hand they think: 'There you go, do it. We gave you money and you are free to release whatever you want', while on the other hand they think that if they invest, then they have their equity, they think about this commercial side, so I just don't know ... but during my projects I never felt that any of the fans, contributors, wanted to intervene. Rather the contrary. (Ao)

Responses culled from contributors suggest that the impression of the artist quoted above is true. Most contributors did not insist on facilitating potential for creative input into the project being implemented. The statement by one of the most active contributors is symptomatic. He described his position as follows:

I don't know enough about this to give any advice. For the most part, I restricted myself to projecting positive feelings ('wonderful record', 'the fifth piece is the best', or 'an excellent concert') and tended to concentrate on asking about possible direction and objectives rather than demarcating them. Several CD covers 'passed' through my hands. I found a few spelling mistakes. (Cv)

The only people who decided to forward more unequivocal judgments regarding the creativity of artists were users who declared themselves as devoted fans of the given

artist. One respondent described her relations with one of the groups collecting funds through MegaTotal as follows:

I had almost nothing but remarks for the group ;) Often, I would comment on their musical activities with remarks that were more or less substantive. I had opportunities to suggest the form of the setlist prior to concerts. Direction, as such, was not something I indicated. I only said what I liked and what I didn't like. At the same time I gave the artists the right to create and develop in any way they themselves thought proper. (Cq)

Thus, it may be stated that only contributors who felt strongly linked to the artists allowed themselves the possibility of more active influence over the artists or even of interfering in their work. However, it is necessary to stress that this is a matter of ties that link the fan to the artist, not an investor to a project initiator. Contributors who were primarily attracted through investment motivation did not seem to be inclined to build ties of a creative nature with artists.

On the other hand, we should also take into account that as much as an artist may find it difficult to admit, by the very decision to seek funding on a crowdfunding platform they are already giving up some of their artistic freedom. One of respondents admitted that a contributor's decision to invest in some tracks while neglecting others can be perceived as a way of exerting a kind of pressure on artists.

We like our songs so we try [regardless of fans' opinions] to decide on our own [which songs to include on a recording] but sometimes some contributors' choices gave me food for thought. It sometimes turned out that a song which was important to me and in my opinion a very good one, got very little endorsement from fans. It made me think about what we are doing and why this was so. (An)

It is possible that the artists interviewed, when declaring that they exclude the possibility of fans' involvement in their creative process, had in mind behaviour reminding them of the intervention of record label managers rather than the more nuanced involvement of fans which is made possible thanks to crowdfunding. Such involvement takes place to a certain extent automatically, either in the form of influencing artists' decisions through discussions or the investment mechanism (as explained above), or in the form of the engagement of fans in promoting artists' works.

Conclusions

Researchers are divided when it comes to any assessment of the impact of new communication technologies on relations between artists and their audiences. Some see the internet as a power democratizing the recording industry (McLeod, 2005) as well as bringing influence to bear so relations between artists and fans 'need not be inherently unequal', as has been the case in the past (Baym, 2012: 312–13). Others call attention to the fact that major media corporations utilize new communication technologies to enhance their power and apply new methods of exploiting artists and audiences. In accordance with this line of reasoning, crowdfunding would be an innovation where not only fan labour, but also fan money 'is shamelessly exploited by the industry' (Yang,

2009: 534). In concluding our empirical study, we would like to show crowdfunding as a complex phenomenon containing elements of both exploitation and empowerment.

The first matter to which attention should be called is free labour. There is no doubt that, in the case of MegaTotal, the work is performed by the artists. The statements cited above indicate that, for at least some of the respondents, daily talks with members of the MegaTotal community were tedious. It may be stated that artists are selling the MegaTotal community their time and emotional engagement. Most assuredly, some artists drew satisfaction from these talks. Others did not. However, since these talks resulted in contributions, they were vital to the completion of the project. Thus, it was work that was not completely free.

Those from among the users of MegaTotal who were involved in discussions with artists, as well as other members of the MegaTotal community, also provided labour. However, two doubts crop up at this point. First, for users, these talks were ways of spending free time, pleasantly in most cases. Second, thanks to these talks, contributors with a share in the given project could convince other users to make deposits, thus making a 'profit'. For this reason, if it is possible to talk of exploitation, then it is primarily those users who were not amused by discussions on the forum and shoutbox but who, thanks to them, were every now and again convinced to support a project with no return (by investing as the last contributor in a given project it was not possible to count on a share in future deposits) who were subject to it.

A second matter that may stir doubt is the problem that is the essence of the model implemented by MegaTotal – the investment mechanism. First, the investment mechanism results in differentiated profits (or losses) that can be achieved by the contributors. As stated by one of the respondents:

Unfortunately, the system is based on a financial pyramid and promotes those who were among the first to buy shares in a project. Very quickly, it turned out that there are quantity thresholds where getting into the 'investment' is no longer worthwhile. (Cv)

In effect, cunning users came to the platform who tried to be among the first investors in a given project in spite of the fact that the given type of music was of no interest to them. Second, although it is true that before the changes introduced in January of 2012, users had been guaranteed a 50 percent share in profits from recording sales, not many records sold well. In contrast to traditional record labels, MegaTotal had no network of contacts to help in the promotion and distribution of recordings, nor any financial motivation to invest in them. In theory, dependence on the promotional support of fans was a good idea (Baym and Burnett, 2009). However, it should be supplemented by the traditional marketing efforts that could be offered by an experienced record label. In the end, contributors received 50 percent of the sporadic profits, which means almost nothing.

A third matter that raises doubts is the reluctance of artists to undertake serious creative collaboration with users as described in the previous section. In theory, the model proposed by MegaTotal opens up the field for wide-ranging collaboration. However, the research conducted shows that it was desired neither by the artists nor most users. Among contributors, only a small group declaring themselves as fans declared a wish to

intervene in the work. Yet, absent any customary rules for introducing fans to the creative process, this bore fruit in the form of a lack of any serious collaboration.

Nevertheless, the picture of equity/royalty-based crowdfunding emerging from our research is not completely negative. Three positive factors may be identified. First, in the case of MegaTotal, especially prior to the changes introduced by the service in January 2012, it was possible to observe relations among artists and users that were characterized by equality. In part, this was the result of the investment mechanism and communication tools accessible on the platform, and in part it stemmed from the fact that it was fledgling artists who gathered funds there. Another matter is that perhaps the idea of equality is only possible in relations between parties of similar status and if, for example, it was Madonna who started accumulating resources on the platform, then she would not be talking to contributors, but would commission the staff of a PR agency to handle that aspect.

Second, in spite of a lack of creative input on the part of individual fans into the work the MegaTotal community did have a collective influence on artists through its decisions. This indirectly translated into decisions on the part of the artists to place certain songs on their albums, leaving out others. Compared with the situation of artists recording an album in collaboration with a record label, where the real influence on decisions is held exclusively by artists and company staff, the situation at MegaTotal is a step, albeit a small one, in the direction of the democratization of the phonographic industry.

Third, the idea of subdividing profits from the sale of a recording among artists and contributors may be deemed an effort at making a radical change to the forces in the recording industry. The MegaTotal proposal meant not only theoretically higher royalties for artists as compared with the extremely unfavourable contracts offered by the major record labels (Passman, 2011), it was also an attempt to reward contributors for their financial involvement in executing projects on the platform. Although it is true that, as mentioned above, profits turned out to be illusory, we do not in fact know if this was the result of entirely faulty assumptions in the model as proposed by MegaTotal or because of an unfavourable conjuncture and the overall crisis situation in the recording market. In an industry characterized by a low success rate, it is assumed that only one out of nine published albums will bring in profit (Hesmondhalgh, 2013). Low sales figures for most published recordings are nothing out of the ordinary. In this context, what would be of special interest would be an examination of the equity/royalty-based model of crowdfunding as it functions on the culture goods markets in other countries.

In summing up, two qualities of relations between artists and users as derived from our research should be indicated. First, listeners want to have influence over the music market. The possibility of making decisions as to providing financial support for one project and not another seems to have greater value for respondents than being a consumer whose role comes down to choosing a product in a record store. Second, listeners, and not only those declaring themselves as fans, want active contact with artists. They want not only to listen to compositions on Spotify or to comment music videos on YouTube, but real discussions with artists. Being endowed with interest on the part of artists, they are capable of financially supporting their projects, even if in the traditional artist–consumer context they did not purchase the record of the given artist in a store.

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Notes

1. The *Crowdfunding Industry Report* estimated that in 2013 there were 813 platforms worldwide, with a tendency to increase (crowdsourcing.org, 2013: 12).
2. Nevertheless, in line with the spirit of Jenkins' (1992, 2006, Jenkins et al., 2013) theory, it is the practices of fans that should be viewed as the prototype for contemporary consumer behaviour.
3. The report (crowdsourcing.org, 2013) is the first source that distinguishes between the equity-based model and royalty-based model, but since these two models are very similar, we decided to treat them as one. Other sources (e.g. Bannerman, 2013) do not mention royalty-based crowdfunding.
4. Quotes have been translated from the original Polish. Since the respondents were guaranteed anonymity their names were removed by Cx or Ay (where C stands for 'contributors', A for 'artists' and the second letter (e.g. x) shows if a quote is from the same person or someone else).
5. In the wake of changes introduced in January 2012, the creators of the platform limited the functionality of the communication tools, including elimination of the forum. This was received critically by most users and resulted in some of them moving away from the service.
6. Obviously, this comparison cannot be considered a rule. On the one hand, devoted fans of artists collecting for the implementation of their projects do invest in MegaTotal (though they are decidedly fewer than 'regular users'), while on the other, in the case of Kickstarter, support is provided by people who do not regard themselves as fans.

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Appendix: List of interviews (date, artist’s or band’s name, place of interview, number of interviewees)

- 8 June 2013, Instytut, Wrocław, one interviewee
- 16 June 2013, Syndrom Kreta, Warszawa, one interviewee
- 16 June 2013, Asspirine, Wołomin, one interviewee
- 18 June 2013, Coffee Break, Wrocław, two interviewees
- 17 July 2013, Skowyt, Warszawa, one interviewee (vocalist)
- 20 July 2013, Skowyt, Warszawa, one interviewee (guitarist)
- 25 July 2013, Ostatni Przystanek Postępu, Warszawa, one interviewee
- 25 July 2013, Teren Nowy Live, Warszawa, one interviewee
- 25 July 2013, Adios, Warszawa, two interviewees
- 14 August 2013, Back to the Ocean, Warszawa, one interviewee
- 26 August 2013, Czerwieńska Strona Jabłka, Góra Kalwaria, one interviewee
- 30 August 2013, iNNi, Warszawa, one interviewee
- 1 September 2013, Gra Pozorów, Warszawa, one interviewee
- 9 September 2013, Projekt LR, Warszawa, one interviewee
- 11 September 2013, NeLL, Chorzów, three interviewees
- 12 September 2013, Sjón, Łódź, one interviewee
- 14 September 2013, Virus Ego, Miechów, one interviewee

- 15 September 2013, Chee-psy, Bochnia, two interviewees
15 September 2013, Inqator, Kraków, one interviewee
15 September 2013, Monika Gawrońska, Kraków, one interviewee
16 September 2013, Deyacoda, Warszawa, one interviewee
19 September 2013, Dirty Brick, Zabrze, one interviewee
24 September 2013, MordercyP, Bydgoszcz, two interviewees
14 November 2013, Inkluz, (Skype interview), one interviewee
17 November 2013, NuSoul City, (Skype interview), one interviewee
26 April 2014, Tourette, Kraków, one interviewee
27 April 2014, Syndikate, Rzeszów, two interviewees
11 June 2014, wariacje.pl, Łódź, two interviewees
19 September 2014, Little White Lies, Łódź, two interviewees
22 September 2014, Dorian Mono, Gdańsk, one interviewee