

Giving In: Crowdfunding for musical concerts in India*

Anirudh Tagat, Hansika Kapoor & Anurag Tagat¹

Abstract

Crowdfunding is a contemporary financial model for raising funds, specifically for artistic ventures. Recently, crowdfunding has featured prominently in the Indian independent music industry. We investigate the determinants of crowdfunding in India using the case of a crowdfunded musical concert using survey data. Age and level of education are significantly associated with contributions. Implications for crowdfunding in India and areas of future research are outlined.

Keywords: Crowdfunding, India, music concerts, Indian independent music, pay-what-you-want

1 Introduction

Crowdfunding is steadily emerging as an area of academic interest for economists as well as business academics (Agrawal, Catalan & Goldfarb 2014). When defined as a means by which capital can be raised from many people online (or offline), crowdfunding offers benefits to investors as well as entrepreneurs looking to raise capital. This is in addition to other non-pecuniary benefits that contributors typically receive.

¹ **Anirudh Tagat** is Research Author at the Department of Economics, Monk Prayogshala, Mumbai, India. Anirudh holds an MSc in Economics from the University of Warwick and is currently pursuing doctoral research at the IIT Bombay and Monash University Research Academy. He has previously published in peer-reviewed journals such as the Journal of Behavioural Economics for Policy, Indian Growth and Development Review, and India Review. He also currently serves as Assistant Editor at South Asia Research. (at@monkprayogshala.in). **Hansika Kapoor** is Research Author at the Department of Psychology, Monk Prayogshala, Mumbai, India. Having completed her Master's degree in Clinical Psychology, she has completed her PhD from IIT, Bombay in the area of negative creativity and is currently a Fulbright Post-Doctoral fellow at the University of Connecticut, USA. Her research interests lie in cognitive science, social psychology, behavioural economics, and gender studies. (hk@monkprayogshala.in). **Anurag Tagat** is Senior Writer at Rolling Stone India and a freelance music journalist based in Bangalore, India. He graduated from Goldsmiths College, University of London, and has been writing about India's alternative, non-film music industry and globally known artists since 2010 for print and web publications. His work has so far appeared in magazines such as Billboard, India Today, Revolver and Variety, amongst others (anuragtagat@gmail.com).

*Acknowledgement: We are grateful to Himanshu Vaswani and Nikhil Udupa at Control ALT Delete for providing us with valuable data used in this paper. We are also grateful to an anonymous referee for helpful comments. We thank Divya Chandy for earlier assistance.

There have been two broad 'types' of crowdfunding that the extant literature has documented: (a) entrepreneurs soliciting investment by offering a pre-order of the product, or (b) by offering a guarantee of future benefit (Belleflamme, Lambert & Schwienbacher 2014).

Crowdfunding is best categorised by large-scale online platforms that host several projects to any potential investor who wishes to contribute. Hemer (2011) is among the first to provide a comprehensive overview of the crowdfunding sector, finding that an average of 84,200 users per platform contributed to 51,477 projects between December 2010 and February 2011. Nearly 64 percent of all projects that invited contributions via crowdfunding were realised, with an average pledge of approximately € 62.9. Further, many of these platforms hosted projects exclusive to music, such as musical recordings, concert tours, and other merchandise. This provides some credence to the idea that creative projects are more likely to be seeking investment via crowdfunding than other sectors (Galuszka & Bystrov 2014).

Much like in the rest of the world, crowdfunding is a common means of raising funds for musical groups in India that do not have the support of record companies or music labels. This may stem from a do-it-yourself (DIY) ethic that has since long pervaded Indian musicians who choose to create music that does not fit into the burgeoning Bollywood music industry. In India, crowdfunding is slowly gaining momentum and has yet to come under the regulatory scanner despite interest from the financial regulator.² However, we know very little about the dynamics of what works in crowdfunding in India, particularly with reference to music or artistic domains. This paper explores specific institutional settings in the Indian market that could vary for crowdfunding music and other artistic ventures.

Since the past five years, Control Alt Delete (CAD henceforth), an independent music concert series, has utilized crowdfunding to organize concerts across India. In most cases, the organizers of CAD announce a

² Currently, if the organizers follow the Donation-based, Reward-based or the lending-based module then they are subjected to basic financial legislations such as Income-tax Laws and Foreign Contribution Regulation Act, 2010.

fixed line-up of bands or musical acts that will perform at the show, stipulating that potential attendees can pay anything they want to attend. Additionally, even though a fixed upper limit is indicated to achieve success for the project, organizers often announce that CAD will take place even without this goal being met. There have been 11 editions of CAD held in the Indian cities of Mumbai, Pune, and Bangalore so far, spanning musical genres and bands across India (Tagat 2016). Each of these editions cover the substantial costs of organizing the concert, as well as additional payoffs to bands and organizers (Vidyasagar 2016). We employ novel survey data on contributors to CAD to identify their social, economic, and demographic correlates. Such a study is the first of its kind for India and is expected to establish contributor profiles and more information on market demographics.

The remainder of this paper is organised as follows: Section 2 provides a review of the literature related to crowdfunding and related areas, setting the background for the Indian independent music industry. Section 3 presents the research questions pertinent to the present study and section 4 provides the data and overview of the empirical strategy. Section 5 discusses the results on understanding the socio-demographic determinants of crowdfunding to musical concerts in India, and section 6 concludes with limitations of the current study and directions for future research.

2 Background

Crowdfunding is one way to pool collective funds without depending excessively on a single individual's contribution or investment. Crowdfunding therefore draws investment due to extended networks of a crowdfunder, often relying on small amounts to support large ventures. The loans or donations given to crowdfunding projects are usually small and are mostly solicited from online sources (Gerber, Hui & Kuo 2012). The first platform that was used to crowdfund loans from individuals to support small entrepreneurs is widely accepted as KIVA in 2005 (Bannerman 2013). Since then the number and reach of crowdfunding

platforms has grown to include popular names such as Kickstarter, MILAAP and GlobalGiving³.

Crowdfunding has four basic modules,⁴ based on the expectations of the people that are willing to contribute to the various schemes (Bannerman 2013). In donation-based crowdfunding, the funder expects nothing in return and is giving money without an expectation of any compensation (financial or otherwise). When the contributor expects to get a non-financial return on the money that they spent (for example a T-shirt or a poster) they are engaging in the Reward-based module. In the Lending-based module, funders expect their money back sometimes even with a little interest. Finally, the Equity-based module (e.g. Hornuf & Neuenkirch 2017) provides the contributor with some revenue or share of the profits gained from the scheme. CAD operates as a reward-based crowdfunding module, where funders receive merchandise (such as posters and T-shirts) as a reward for contributing specific amounts.

What explains the recent rise in incidences of crowdfunding being used as a viable means of raising funds? Multiple factors have been cited for its popularity, starting with the low costs of setting up crowdfunding campaigns – amateurs can showcase their work alongside experienced professionals (Bannerman 2013). On the demand side, potential investors can then decide whom they want to fund. Furthermore, online crowdfunding portals provide an interactive method of supplementing one's income. Crowdfunding has therefore been called democratic and is slowly being favoured over traditional methods of financing and public funding (Gerber, Hui & Kuo 2012). This is not to say that crowdfunding is infallible. By disconnecting the creators from more stable forms of financial aid, it can lead to the extension of existing forms of exploitation;

³ This is not to say that crowdfunding does not take place without online portals. Indeed, as we show in our study a majority of funds collected for CAD come from collections at the door of the venue.

⁴ Literature has also suggested novel methods for overcoming free-riding (Cason & Zubrickas 2017) in crowdfunding, called assurance contracts or a provision point mechanism. Here, the contributor gets back funding in case of an insufficient collection for project execution, with a refund bonus. This refund bonus is proportional to the given contribution. This literature has found that the refund bonus rate is inversely related to the likelihood of provision of the public good. Only marginal differences were witnessed across the various refund rates.

there are no guarantees, no benefits, and no job security (Bannerman 2013). Since it is entirely up to the potential funders to decide how much a product is worth, it can put a downward pressure on prices. This can also cause the project to be undervalued.

Studies quantitatively exploring the success of a crowdfunding project or method have found that the social network of the entrepreneur or fundraiser has an important role to play (Martínez-Cañas, Ruíz-Palomino & Pozo-Rubio 2012; Zvilichovsky, Inbar & Barzilay 2013; Mendes-Da-Silva et al. 2016). Furthermore, since social distance is directly correlated with geographical distance, Agarwal et al. (2015) show that initial contributions are driven by local investors (within a radius of 3,000 miles), who also have a 'personal connection' with the fundraiser. This suggests that it is the interaction between social and geographical factors that is leading to successful crowdfunding ventures. There are only a few studies that seek to identify and analyse the profile of contributors as our study sets out to do, with none in the Indian context. Guerzoni et al. (2016) use data on contributors to 350 projects from Italy and find that social and geographical distance are significantly associated with choosing to contribute. In terms of socio-demographic variables, only education appears to be positively associated with likelihood of contribution.

Literature in economics has discussed the rise of crowdfunding as a method of raising investment that relies on an individual's subjective valuation of the reward, that is, her willingness-to-pay (WTP) (Belleflamme & Lambert, 2014). Field experiments in economics have linked prosocial behaviour (and altruism) with a higher WTP even when free-riding is a possibility (Gneezy et al. 2012). This suggests that contributing investors may not be funding purely on the basis of expected utility from the eventual reward. Vesterlund (2006) argues that charitable giving can also be due to the 'warm glow' that donors experience from contributing, rather than from any material benefits to the recipients themselves; this is often a signal of their social status or reputation. Gneezy et al. (2012) study the consequence of a pay-what-you-want model (similar to the one used in CAD) when purchasing a product. They

find that potential customers' identities and self-image concerns influence the decision to contribute. When individuals are asked to pay-what-they-want, fewer customers are willing to fund than when prices are fixed and low. This is because the funder feels that the price they assign will be less than the actual amount it was worth, causing an internal conflict they wish to avoid, and hence preferring to forego the project altogether. The study also finds that funders would be more open to donate if it were anonymous (Gneezy et al. 2012).

As stated earlier, many crowdfunding projects tend to be cultural and artistic ventures (Galuszka & Bystrov 2014). This is because it is often difficult to acquire funds for these projects from conventional funding agencies. The artists are able to showcase their work to funders, who are also their potential consumers. Since art resonates strongly with the values and ideals of the artists, funders that share them feel inclined to donate. When attached to the personalized sales pitch from the producer of the material, it can be argued that there is greater incentive for consumers to invest in advance. Funders also donate to artistic ventures to publicly acknowledge/signal their interests. Similar to warm-glow giving or impure altruism, the funder is not donating for financial returns or for that matter charity; it has more to do with signalling a level of artistic understanding and taste (Darveau & Legoux 2014).

2.1 Crowdfunding and Indian independent music

Since the early 1960s, independent music in India refers to artists creating and performing their songs outside the prevalent sphere of mainstream cinema. The earliest record of a parallel music industry included groups (such as The Jets, The Savages, Trojans, Velvette Fogg, and later on, Atomic Forest) that were formed due to urban Indian youths' fascination with the music created by reigning 1960s and 1970s artists such as The Beatles and The Rolling Stones (Bhatia 2014). As Western culture slowly made its way into India's metropolitan cities – Bombay (now Mumbai), New Delhi, Bangalore (now Bengaluru), Calcutta (now Kolkata) – the sound diversified to produce bands (such as Indus Creed, Silk Route, Motherjane, Euphoria, and Indian Ocean) that played a variety of

genres through the 1980s and 1990s. By the late 1990s, heavier, more extreme bands also emerged to form an important underground circuit in cities such as Bangalore and Mumbai, with Naked Earth, Kryptos, Morticide and Demonic Resurrection taking shape (NH7 2015).

Juxtaposed with the Indian state's push for economic liberalization and the advent of the Internet, India's young musicians gained access to music and technology more easily than ever (NH7 2015). Typically, bands performed at college cultural festivals to large audiences that typically consisted of students who did not pay to attend, as well as smaller local venues to a limited but dedicated audience who paid upward of ₹250 (~USD 5 at the time) to attend. Bands like Parikrama (New Delhi), Thermal and a Quarter (Bangalore), Zero (Mumbai), Junkyard Groove (Chennai), Avial (Thiruvananthapuram) and Soulmate (Shillong) became country-famous among the "indie" fans (Bhatia 2014). In 2018, there are indicators of a solid infrastructure, including artist management agencies, booking agencies, venues, and promoters across the country. Bandcamp currently lists nearly 400 albums for sale on its website with the tag 'India' (Bandcamp 2018), while Wikipedia contains entries for nearly 50 artists that are under the category of 'Indian rock' (Wikipedia 2018).

How has this 'industry' transformed since the start of the early 1960s? From Indian Tobacco Company (ITC) in the early days to major brands such as British Physical Laboratories (BPL), sponsors and investors were keen to capitalise on this alternative circuit, which started off in hotel clubs and later took up space on big stages, playing to full houses at venues such as Hamsadhwani Theatre in New Delhi and Rang Bhavan in Mumbai (Mahindru 2012). Open-air concert festivals such as Great Indian Rock (started by one of the earliest Indian rock-centred print publication, Rock Street Journal, in 1997) and Independence Rock (established in 1986) gave impetus to the next generation of music festivals, including Sunburn, SulaFest, NH7 Weekender, GoMAD, Magnetic Fields, and VH1 Supersonic (Britto 2018). From the early days, however, the DIY ethic of Indian independent musicians has been sustained (Kappal, 2017a). Whether it is metal, punk, electronic, or hip-hop, pro-

motors and show organisers have self-funded artists' fees, travel, sound equipment rent, and setup costs, while making agreements with venues or hotels to reduce costs.

Sponsorship has now increasingly come from alcohol brands, and, considering the Indian regulations against advertising alcoholic beverages in media – other sponsors have typically included media conglomerates (Viacom18, a joint venture between American media giant Viacom and India's Network18), mobile phone companies (Micromax, Vivo), fashion brands (Levi's, Vans) and even technology companies such as *Saavn*. Such sponsors, however, will often curtail their involvement in curating artists for events, insisting only on having their names, logos, and creative assets to support marketing efforts to what they believe to be target segments for their products (Wallack 2016). On the other hand, there are also government sponsorships for artists and festivals. The Nagaland government has its own Music Task Force, dedicated to promoting and nurturing talent from the state, as well as hosting the *Hornbill International Rock Contest* (Suhasini 2013). In Arunachal Pradesh, the government sponsors their annual *Ziro Festival of Music* as well as co-sponsors the *Orange Festival* in Dambuk (Tagat 2017).

Although rare, artists, venues, and festivals do enlist funding from investors and patrons. These have, however, not had a long-term association. The new crop of YouTube artists such as New Delhi based *Blood-wood*—a metal band which performs renditions of popular Bollywood hits and global chart-toppers—uses online platforms such as Patreon for funding (Patreon 2018). Funding from such sources (and others) are used to record music at studios (to be released online or via physical release), shooting music videos, or commissioning photoshoots. Major labels that promote and release popular Bollywood or Hindi music in India such as Universal Music India, Times Music, and Zee Music remain selective in their support for non-Bollywood music makers, but may occasionally fund promotional and marketing costs for popular artists (Brindley 2017). In the fast-moving, results-driven world of brands sponsoring shows looking for guarantees of attendance numbers or footfall,

showrunners—who are, at heart, lovers of music—decide to trust their bands to pull in their own crowd, with entry fees covering all costs.

2.2 Crowdfunding in India

Control Alt Delete (CAD) was the first effort by showrunners to crowd-fund a musical concert, having likely taken a cue not just from international artists such as Amanda Palmer, but also closer home from filmmakers such as Srinivas Sunderrajan (Greater Elephant) and Bidyut Kotoky (Guns & Guitars). Individually, musical groups have also used crowdfunding to support albums, videos, and other projects (Mahindru 2013). Examples include Mumbai extreme metal band Demonic Resurrection, New Delhi-based progressive metal band Skyharbor (both using an all-or-nothing crowdfunding platform, PledgeMusic), and Bangalore-based rock band Thermal and a Quarter (for the album *No Wall Too High*). While there are no official figures on rates of success for such projects, there have been notable failures as well. For example, an offshoot of the globally popular heavy metal festival Wacken Open Air, the Bangalore Open Air festival aimed to raise a whopping ₹44,00,000, or USD 70,000 for their 2014 edition, but the organisers failed to meet their targets (Kumar 2014). At the same time, there are more platforms seeking to become a medium through which crowdfunding can take place (not restricted to musical ventures alone) such as Instamojo and Make-MyMerch (for band merchandise). In such cases, promoters tell potential customers that crowdfunding is similar to pre-ordering an album or purchasing a ticket to a show. Bands therefore have their basic costs (e.g., recording studio rentals, hiring a producer, among others) accounted for, while fans can feel actively, almost directly involved in the creation process. One might argue that it also serves as a signalling process for the bands to learn precisely how much of their fan base can actually be monetized.

Despite the allure and relatively low cost of crowdfunding, there are concerns about its viability. For example, there is increasingly a push toward digital streaming of music albums, where fans can enjoy the same music without having to purchase it at all (Kappal 2017b). There

are also barriers in a country such as India that are related to access to the Internet as well as payments infrastructure. Extensive use of crowdfunding through online platforms could therefore alienate a certain number of fans who lack access to Internet banking (or remain unaware of a crowdfunding campaign). The process of musical creation also brings with it some challenges: rising overheads or unforeseen price rises during the recording of an album (e.g. more studio time required to re-record songs or record more songs) or planning a music concert (e.g. obtaining venue permissions for performance). Thus, the amounts raised may be only enough for a band or promoter to break even and not necessarily profit from it. CAD is characterized by such an issue, with promoters often just breaking even or making small profits. Figure 1 shows the contributions raised by CAD since its 4th edition, which is the first edition for which data is available (Rolling Stone India, 2013). Online contributions via crowdfunding campaigns alternate with the contributions at the venue before or during the concert. The average contribution through onsite collection for the 6 editions was ₹105,951.33 (~USD 1,630), while that of online contributions was only slightly higher at ₹109,352.83 (~USD 1,682). This may be related to the anonymity associated with contributions made at the time of the concert (since the decision to attend is already made), as opposed to the planned and transparent⁵ method of online contribution. Similar to concerns of self-image that dominate in Gneezy et al. (2012), contributor anonymity is positively associated with contribution amounts.

⁵ CAD organizers typically collate a list of contributors to the concert series online and share it via social media. Furthermore, the organizers print out this list for display at the concert venue.

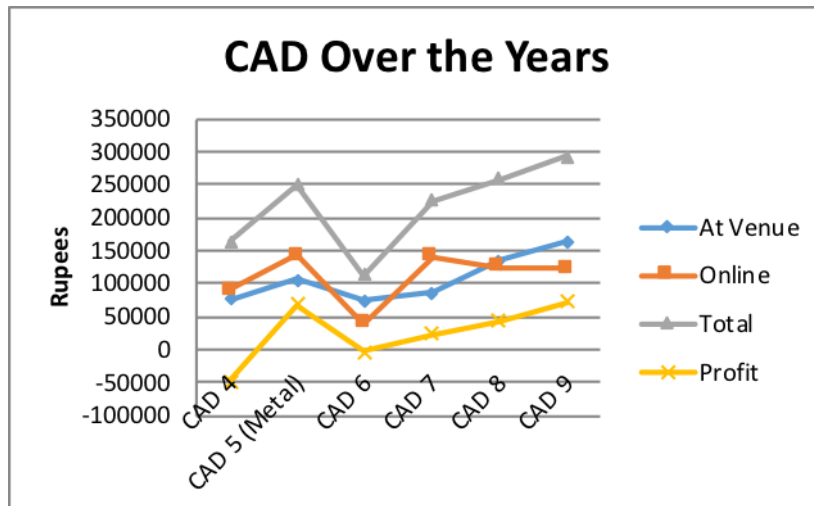


Figure 1: Contributions raised by Control Alt Delete (2010-16). Source: Accounts Data (Control ALT Delete, 2018)

Interestingly, there is a sharp increase in the level of profits when all performing bands are of the same genre (in this case the 5th edition featured only metal bands). However, the subsequent editions (7 and 8), whereby artist programming was motivated by genres, failed to meet the same level of profit (despite being profit-making overall). This suggests that the core ethos of promoting alternative music works better across editions rather than within a particular concert. Concert-specific characteristics also appear to be driving the profitability from the perspective of costs to organisers. Table 1 contains the travel and stay costs borne by organisers for each edition. Travel costs are borne by organisers in almost every edition and may not be linearly associated with the number of outstation bands, if some bands are in local proximity of the concert location. However, accommodation costs vary widely, perhaps owing to informal arrangements with local organisers who arrange accommodation for the bands.

CAD	Total Bands	Local Bands	Outstation	Travel Cost	Stay Cost
CAD 4	7	5	2	47,282	8,000
CAD 5 (Metal)	8	6	2	88,105	7,435
CAD 6	8	2	6	73,566	10,415
CAD 7	9	6	3	92,665	18,800
CAD 8	8	4	4	138,793	10,000
CAD 9	9	3	6	81,625	0
Average	8	4	4	87,006	9,108

Table 1: Characteristics of Control Alt Delete Concerts (2010-17). Source: Authors own calculations using Accounts data (Control ALT Delete, 2018)

Thus, it becomes important to understand the sources of variation in the promoters' income from organizing CAD in order to assess the viability of crowdfunding in this sector. While the business of organizing music concerts is in no way definitive of how the crowdfunding model works in India, the example of CAD provides some preliminary insights.

3 Present study

In investigating the reasons for CAD's success, one can uncover the enablers of crowdfunding for musical concerts in India, as well as provide a first-ever academic account of the economics of Indian independent music. Since there is a lack of data relating to crowdfunding platforms, this study is also among the first to explore crowdfunding dynamics and compare online and offline methods of seeking investment in such creative endeavours. Finally, this is the first study (to the best of our knowledge) that empirically establishes the likelihood of contributing to a particular project on the basis of socio-demographic characteristics in India. This analysis is also important in terms of understanding the regulatory framework under which crowdfunding falls in India. The financial markets regulator in India, Securities and Exchange Board of India

(SEBI),⁶ is currently seeking to explore the implications of financial regulations (SEBI 2014) in the light of the popularity of crowdfunding initiatives (not unlike CAD). Finally, given the crowdfunding data used here, future organisers (of CAD and other concerts) may be able to evaluate pricing models and concert parameters (such as number or nature of performances) objectively.

In sum, this study seeks to explore and analyse the pattern of crowdfunded investments in musical concerts in India, particularly through the independent (non-mainstream) platform of 'Control Alt Delete.' Specifically, we are interested in exploring the following research questions:

RQ1: What is the average level of contribution to crowdfunded concerts in India? How does it compare to the average levels of contribution to other creative/artistic events?

RQ2: What are the social, economic, and demographic determinants that affect contribution amounts to crowdfunded concerts?

4 Methodology

Participants and procedure

Primary data was collected from 100 participants via an online questionnaire (appendix A) inclusive of items assessing the WTP for cultural and artistic events. Data were cleaned on the basis of attention and honesty, as well as whether individuals had ever volunteered to organise an edition CAD.⁷ The reduced sample consisted of 69 individuals (11 women, $M_{\text{age}} = 26.32$ years, $SD = 4.99$, range: 19–46). Most participants (61%) were from Mumbai, India; were students (19%); and had completed their Bachelor's degree (58%). However, there were participants from 10 other locations in India, including Bengaluru and New Delhi; about 38%

⁶ Presently, there are explicit regulations only for the Equity-based crowdfunding under the Securities Contract (Regulation) Act, 1956, and the SEBI Act.

⁷ We also dropped 3 outliers who indicated preferences for contribution that exceeded ₹100,000, since these were deemed to be purposively misleading to the question asked.

either did not have personal income or did not disclose their income; and were in varying professions such as journalism and architecture. Our sample contained 7% of individuals who had attended at least one past edition of CAD but did not contribute; this was estimated as the proportion of free-riders in the sample. The lowest contribution by a CAD 9 attendee in our sample at ₹100 (~USD 1.5). Our sample also contained 12 individuals who had neither attended any edition of CAD nor contributed to any previous edition.

Responses were elicited via purposive and snowball sampling; individuals who had a greater likelihood of having attended an earlier edition of CAD were identified and sent the questionnaire.⁸ Further, the questionnaire was sent via email to all previous contributors of CAD and posted on the CAD social media page, to collect data from relevant participants. RQ1 is addressed using summary statistics from primary survey data, detailing the average levels of contribution to CAD as well as hypothetical contributions to other types of events. RQ2 is addressed using a multiple regression analysis framework by estimating the following equation using ordinary least squares:

$$Contrib_i = \beta_1 CAD9_i + \beta_2 Editions_i + \beta_3 X_i + \eta_i \quad (1)$$

Where for the i^{th} individual, $Contrib_i$ is the contribution to the most recent edition of Control ALT Delete (9, or the most recently attended edition of CAD), $CAD9_i$ is a dummy variable that takes the value of 1 if they attended the concert, and zero otherwise, $Editions_i$ is the number of past editions of CAD attended, and X is a vector of socio-demographic determinants hypothesized to explain variations in the dependent variable. These include age, squared-age (to assess trend linearity), gender, level of education, and income bracket. For variable definitions, we refer the reader to the appendix. We run a third variation

⁸ We collected data in two phases: the first was in January, 2017, and the second in August 2018 following referee requests for additional data. Our small sample can be explained by the fact that there were no ongoing promotions for any CAD event during these two periods, and therefore it was difficult to track contributors. The survey was sent to approximately 2200 individuals who were part of the mailing list of past contributors. Given that no prior data on these individuals was available and the specific subject matter of the survey, we adopted a purposive sampling approach.

of the model where we also account for the effect of location in determining contribution amounts. We did not include an individual's data if they were involved in organizing the concert in any capacity during any of the previous editions.⁹ It is possible that $Editions_i$ is endogenous to the level of contributions; that is, unobservable preferences for live music could be driving both past editions attended as well as the amount contributed. We therefore interpret β_2 as a measure of association and not a causal estimate. An additional model without past editions attended is estimated for robustness.¹⁰

5 Results

Table 2 presents the summary statistics that describes the sample ($N = 69$). The average age of a respondent is 26 years, and approximately 58% have at least a Bachelor's degree. About 16% of our sample is female, and a little more than 60% reported having residence in the city of Mumbai, where most CAD editions have been held. We also note average contributions reported by participants to real and hypothetical cultural and artistic events. On average, participants reported contributing ₹ 950 (~USD 14) to help organise CAD 9 (RQ1). Music-related WTPs were consistently higher than those for producing a play, organizing a book reading, dance recital, or an art installation. However, correlations among the hypothetical WTP for all events were highly associated, $r_s > .96$, $p < .001$. This was contradictory to non-significant correlations between actual CAD contributions and WTP for cultural events, including the WTP for organizing a musical event and producing an album, $r = .58$, $p < .001$. This gives impetus to further research examining the differences between actual and hypothetical contributions in crowdfunding contexts.

⁹ About 16 individuals of the full sample said that they were involved either presently or in the past with organizing or volunteering for CAD, whose data we do not use in the analysis.

¹⁰ We are grateful to an anonymous referee for suggesting this.

Variable	<i>M</i>	<i>SD</i>	Min	Max
Age	26.31	4.99	19	46
Proportion with at least Bachelor's Degree	0.58	0.49	0	1
Proportion female	0.16	0.37	0	1
Proportion residing in Mumbai city	0.61	0.49	0	1
Proportion with income greater than Rs. 10000 per month	0.56	0.49	0	1
Contribution to CAD 9	950.72	1984.19	0	16000
WTP Music Event ¹	3412.69	12223.14	300	100000
WTP Music Album ¹	4816.42	24312.83	0	200000
WTP Music Merchandise ¹	1835.21	6100.98	0	50000
WTP Play	1409.85	6057.90	0	50000
WTP Art	1604.63	6178.33	0	50000
WTP Dance	1309.10	6175.87	0	50000
WTP Book	1262.84	6091.13	0	50000

¹ Participants were asked to provide estimates of their willingness to pay with respect to their favourite artist (organizing an event, supporting an album, or buying merchandise).

Table 2: Descriptive statistics

Table 3 presents the findings from OLS estimations of Equation (1). We run three variations of the model, including key socio-demographic determinants in Panel (B) and geographical proxies in Panel (C). First, we see that in the simplest model, attending the concert, did not significantly explain the contributions made although the effect is large (₹ 2033, or ~USD 31 increase on average) and positive. In Panel (B), we examine socio-demographic factors. The results show that having attended past editions of CAD has a positive and statistically significant impact on contributing. Attending one additional edition of CAD in the past is associated with increased contributions on average by ₹ 202.6 (~ USD 3). This is in line with past evidence that suggests that those familiar with the concert series are more likely to contribute due to strong social networks (Gneezy et al. 2012).

VARIABLES	(A) Contribution	(B) Contribution	(C) Contribution
Attended CAD	2,033 (1,645)	214.4 (537.5)	339.8 (471.9)
Number of past editions of CAD attended	90.73 (98.85)	202.6** (82.34)	213.6** (80.04)
Age		-1,636*** (555.6)	-1,738*** (558.4)
Age-squared		30.71*** (9.891)	32.45*** (9.911)
Female		5.306 (305.3)	-52.13 (330.1)
Education = 2, Bachelor's		1,369** (522.3)	1,541** (708.9)
Education = 3, Master's/Professional Degree		1,123* (664.1)	1,312 (813.6)
Income = Undisclosed		313.2 (531.4)	368.3 (546.6)
Income = Less than Rs. 10,000/month		288.7 (325.0)	133.1 (433.5)
Income = Rs. 10,000 - Rs. 30,000/month		703.1 (435.5)	682.6 (519.7)
Income = Rs. 30,000 - Rs. 50,000/month		332.8 (306.7)	385.9 (381.1)
Income = More than Rs. 50,000/month		426.0 (384.2)	458.0 (417.4)
Eastern States			-685.7 (791.8)
Northern States			427.5 (409.7)
Southern States			-411.1 (397.0)
Other States			496.0 (508.2)
Constant	554.3*** (164.5)	20,043*** (7,065)	21,339*** (7,105)
Observations	67	67	67
R-squared	0.134	0.735	0.751

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table 3: Regression estimates of contributions to CAD

However, as noted earlier, this estimate could be only showing correlation and does not necessarily imply causality. When running the model without the potentially endogenous variable, all demographic results stand (table B1 in appendix B). In terms of socio-demographic determinants of the level of contribution, we see a non-linear relationship between age and contribution levels (RQ2). For a unit increase in age, contributions on average, reduce by nearly ₹1636 (~USD 24); but as age increases, there is a small increase in average contributions. Given the restricted age range in our sample, this non-linearity of the effect of age on contributions can be approximated to linearity. We also see that the level of education is positively associated with the average contribution, where having a higher level of education (at least a Bachelor's degree) explains a higher contribution. In the model without Editions, we find a statistically significant and positive effect of having a Master's degree as well (table B1 in appendix B). It is possible that this is due to the higher income level associated with higher-wage employment opportunities from higher education. While we find no statistically significant effect of location, our analysis suggests that income appears to have a non-linear effect on contributions.

This could mean that the intensive margin of contribution (i.e. how much to contribute) does not vary significantly by income. We find that these results hold also for the extensive margin (i.e. the decision of whether or not to contribute), by reframing Equation (1) as a logistic regression and a binary dependent variable indicating whether or not an individual contributed.

These results hold on average when we control for potential effects of location in Panel (C). Compared to residents of Maharashtra (where 5 of 6 editions surveyed in this paper have taken place), we find no significant relationship between location and contribution amounts on average. Contrary to existing evidence (Mollick, 2014), we are unable to find that geographical proximity significantly influences the amount of contribution.

6 Concluding remarks

This paper sought to review the potential for crowdfunding in India using the case of a novel series of musical concerts held annually since 2010. We find that, on average, individuals were likely to report higher hypothetical contributions for musical events compared to other art forms such as visual arts, theatre, or dance performances. This suggests that crowdfunding in India may be particularly suitable for musical events, especially when viewed in the context of its historical association (and limited success) with the format. This provides more context to the Indian entertainment industry (market), and associated target socio-demographic features. That said, it is important to note that the sample specifically included individuals who were likely to have attended CAD editions and did not seek out participation from other individuals who could be inclined to contribute to non-musical artistic events (such as members of book clubs). Since CAD used a pay-what-you-want, keep-it-all form of crowdfunding that has been used previously by musical groups in the past, it offers a potentially viable mechanism by which concert organizers or promoters can raise funds for their future ventures. For such instances, it is important to understand the key determinants of contributions, particularly in a developing economy such as India, where the share of youth in the labour market is rapidly growing. We find that age and level of education significantly affected the level of contribution, both positively. Although income levels were not found to be significantly associated with contribution amounts on average, more research is needed to understand its importance. Since past studies have shown that an increase in disposable income is associated with greater spending on artistic and cultural outlets such as music (e.g. Favaro & Frateschi 2007), this is an important area that has implications for crowdfunding as well as the sustainability of funding for the performing arts.

Our study is a limited exercise in establishing the socio-demographic determinants of crowdfunding musical concerts in India using the specific case of CAD. Given the specificity of the issue, limitations arising out of sample size necessarily means that our study serves as a starting point

for future work in this domain. Finally, we are unable to extensively study the scope for higher returns from organizing musical concerts using crowdfunding since we were able to obtain data for only 6 editions. As CAD and other crowdfunded concerts progress, one might be able to gain greater insight into what factors determine the profitability and viability contingent on inputs such as programming, venue locations, ticket prices, and merchandise rewards, among others.

7 References

- Agrawal, A., Catalan, C. & Goldfarb, A. (2014) "Some simple economics of crowdfunding", *Innovation Policy and the Economy*, vol. 14, no. 1, pp. 63–97. doi: 10.1086/674021
- Agrawal, A., Catalini, C. & Goldfarb, A. (2015) "Crowdfunding: Geography, Social Networks, and the Timing of Investment Decisions", *Journal of Economics & Management Strategy*, vol. 24, no. 2, pp. 253–274. doi: 10.1111/jems.12093
- Bandcamp (2018) Tag India/Bandcamp. Available at: https://bandcamp.com/tag/india?page=10&sort_field=pop (8 August 2019)
- Bannerman, S. (2013) "Crowdfunding Culture", *Wi: Journal of Mobile Culture*, vol. 7, no. 1, p. 30. Available at: <http://wi.mobilities.ca/crowdfunding-culture/> (8 August 2019)
- Belleflamme, P. & Lambert, T. (2014) "Crowdfunding: Some empirical findings and microeconomic underpinnings", *SSRN Electronic Journal*, 2014(4), Working Paper 2437786. doi: 10.2139/ssrn.2437786.
- Belleflamme, P., Lambert, T. & Schwienbacher, A. (2014) "Crowdfunding: Tapping the right crowd", *Journal of Business Venturing*, vol. 29, no. 5, pp. 585–609. doi: 10.1016/j.jbusvent.2013.07.003.
- Bhatia, S. (2014) *India Psychedelic: The story of rocking generation*, Mumbai: Harper Collins India.
- Brindley, P. (2017) "India: a music market on the rise, but still facing big challenges", *Music ally*. Available at: <http://musically.com/2017/12/22/india-sleeping-giant-digital-music/> (15 February 2018)
- Britto, D. (2018) "The Story of India's Music Festival Boom", *Rolling Stone India*, January. Available at: <http://rollingstoneindia.com/story-indias-music-festival-boom/> (8 August 2019)

Cason, T. N. & Zubrickas, R. (2017) "Enhancing fundraising with refund bonuses", *Games and Economic Behavior*, vol. 101, pp. 218–233. doi: 10.1016/J.GEB.2015.11.001

Control ALT Delete (2018) Accounts. Available at:
<http://www.controlaltdelete.in/accounts/> (13 February 2018)

Darveau, J. & Legoux, R. (2014) "Financing creativity: Crowdfunding as an approach for theatre projects", *International Journal of Arts Management*, vol. 16, no.3, pp. 33–48.

Favaro, D. & Frateschi, C. (2007) "A discrete choice model of consumption of cultural goods: the case of music", *Journal of Cultural Economics*, vol. 31, no. 3, pp. 205–234. doi: 10.1007/s10824-007-9043-x

Galuszka, P. & Bystrov, V. (2014) "Crowdfunding: A case study of a new model of financing music production", *Journal of Internet Commerce*, vol. 13, no. 3–4, pp. 233–252. doi: 10.1080/15332861.2014.961349

Gerber, E. M., Hui, J. S. & Kuo, P.-Y. (2012) "Crowdfunding: Why people are motivated to post and fund projects on crowdfunding platforms", *Proceeding of the International Workshop on Computer Supported Cooperative Work 2012*, vol. 13, no. 2, p. 10. doi: 10.1145/2530540.

Gneezy, A., Gneezy U., Riener G. & Nelson L. D. (2012) "Pay-what-you-want, identity, and self-signaling in markets", *Proceedings of the National Academy of Sciences of the United States of America*, vol. 109, no. 19, pp. 7236–40. doi: 10.1073/pnas.1120893109

Guerzoni, M., Pais, I., Peirone, D. & Miglietta, A. (2016) "The emerging crowdfunding market in Italy: Are 'the Crowd' friends of mine?", in *Crowdfunding in Europe*, eds D. Bruntje & O. Gajda, Springer International Publishing, Geneva, pp. 87–96. doi: 10.1007/978-3-319-18017-5

Hemer, J. (2011) "A snapshot on crowdfunding". R2/2011. Available at:
<http://www.isi.fraunhofer.de> (8 August 2019)

Hornuf, L. & Neuenkirch, M. (2017) "Pricing shares in equity crowdfunding", *Small Business Economics*, vol. 48, no. 4, pp. 795–811. doi: 10.1007/s11187-016-9807-9

Kappal, B. (2017a) "Do It Yourself! - Indian Indie Music Comes Full Circle, Social". Available at: <http://socialoffline.in/blog/diy-india-indie-music/> (14 February 2018).

Kappal, B. (2017b) "From villain to hero: How streaming is reviving a dying music industry", Available at:
<http://www.livemint.com/Leisure/jaHVhfFYwWOkC48hJxNPI/From-villain-to-hero-How-streaming-is-reviving-a-dying-musi.html> (15 February 2018)

Kumar, S. (2014) "Bangalore Open Air 2014 – show must go on!, Metalbase India". Available at: <http://metalbase.in/2014/06/19/bangalore-open-air-2014-show-must-go-on/> (15 February 2018)

- Mahindru, M. (2012) "Stage Fear", Rolling Stone India, November. Available at: <http://rollingstoneindia.com/stage-fear/> (8 August 2019)
- Mahindru, M. (2013) "For The People, By The People", Rolling Stone India, January. Available at: <http://rollingstoneindia.com/for-the-people-by-the-people/> (8 August 2019).
- Martínez-Cañas, R., Ruíz-Palomino, P. & Pozo-Rubio, R. D. (2012) "Crowdfunding and social networks in the music industry: Implications", International Business & Economics Research Journal, vol. 11, no. 13, pp. 1471–1476. doi: 10.19030/iber.v11i13.7449
- Mendes-Da-Silva, W., Rossoni, L., Conte, B. S., Gattaz, C. C. & Francisco, E. R. (2016) "The impacts of fundraising periods and geographic distance on financing music production via crowdfunding in Brazil", Journal of Cultural Economics, vol. 40, no. 1, pp. 75–99. doi: 10.1007/s10824-015-9248-3
- Mollick, E. (2014) "The dynamics of crowdfunding: An exploratory study", Journal of Business Venturing, vol. 29, no. 1, pp. 1–16. doi: 10.1016/j.jbusvent.2013.06.005
- NH7 (2015) "Standing By". Red Bull India. Available at: <https://www.redbull.com/in-en/standing-by> (8 August 2019)
- Patreon (2018) "Bloodywood is creating Metal Music Videos". Available at: <https://www.patreon.com/bloodywood> (15 February 2018)
- Rolling Stone India (2013) "Control Alt Delete Begins Crowdfunding For Its Fourth Edition", Rolling Stone India. Available at: <http://rollingstoneindia.com/control-alt-delete-begins-crowdfunding-for-its-fourth-edition/> (13 February 2018)
- SEBI (2014) Consultation Paper on Crowdfunding. Mumbai. Available at: <http://www.sebi.gov.in/sebiweb/usercontent/detail/2/28239/PR-SEBI-Issues-Consultation-Paper-on-Crowdfunding-In-India-> (8 August 2019)
- Suhasini, L. (2013) "Nagaland gets a new music hub", Rolling Stone India. Available at: <http://rollingstoneindia.com/nagaland-gets-a-new-music-hub/> (15 February 2018)
- Tagat, A. (2016) "Gig review: The best in indie run a riot at Control Alt Delete 9.0.", Rolling Stone India. Available at: <http://rollingstoneindia.com/gig-review-the-best-in-indie-run-a-riot-at-control-alt-delete-9-0/> (15 February 2018)
- Tagat, A. (2017) "States of sound", The Hindu. Available at: <http://www.thehindu.com/entertainment/music/northeast-india-bands-and-music-festivals-2017/article19853834.ece> (14 February 2018)
- Vesterlund, L. (2006) "Why do people give?, The nonprofit sector: A research handbook". Available at: <http://www2.pitt.edu/~vester/whydopeoplegive.pdf> (13 February 2018)

Vidyasagar, R. P. (2016) "The music faction: Control ALT Delete", Bangalore Mirror, 3 January. Available at:

<https://www.facebook.com/ctrlaltdel8/photos/a.428843143828197.97764.428645727181272/1023443617701477/?type=3&theater> (13 February 2018)

Wallack, D. (2016) "The resurgence of indie music", Forbes India, February. Available at: <http://www.forbesindia.com/article/recliner/the-resurgence-of-indie-music/42061/1> (13 February 2018)

Wikipedia (2018) "Indian rock". Available at:

https://en.wikipedia.org/wiki/Category:Indian_rock (8 August 2019)

Zvilichovsky, D., Inbar, Y. & Barzilay, O. (2013) "Playing both sides of the market: success and reciprocity on crowdfunding platforms", SSRN Electronic Journal, December, pp. 1–24. doi: 10.2139/ssrn.2304101

8 Appendix

A Questionnaire

Section I: Demographic Details

Age, sex, city of residence, higher educational qualification, current occupation, personal income, English fluency

Section II: CAD

Were you in any way engaged in organizing any edition of CAD?
(That is, are/were you an artist, part of the management, or a venue provider for any edition of CAD?)

Yes

No

Other

Which editions of Control ALT Delete have you attended?

CAD 1.0 (15.1.2010, Mumbai)

CAD 2.0 (23.4.2011, Mumbai)

CAD 3.0 (30.9.2012, Mumbai)

CAD 4.0 (28.9.2013, Mumbai)

CAD 5.0 (1.6.2014, Mumbai)

CAD 6.0 (14.9.2014, Mumbai)

CAD 7.0 (18.4.2015, Pune)

CAD 8.0 (13.6.2015, Mumbai)

CAD 9.0 (16.1.2016, Bangalore)

Did you attend CAD 9.0?

Yes

No

Don't remember

How much did you contribute to CAD 9.0 (approx.)?

(If you don't remember or did not attend, list contribution for most recent CAD attended. Please enter INR.)

Section III: WTP

Please rate how much you like your favourite musical artist.

(This could be anyone at all!)

(Not at all!) 1 2 3 4 5 6 7 8 9 10 (Extremely!)

How much are you willing to pay to help organizing an event similar to CAD that features your favourite artist?

How much are you willing to pay to help record an album of your favourite artist?

How much are you willing to pay to help produce merchandise of your favourite artist?

How much are you willing to pay to help produce a play?

How much are you willing to pay to help organise an art installation?

How much are you willing to pay to help organise a dance recital?

How much are you willing to pay to help organise a book reading?

B Robustness Check

VARIABLES	(A) Contribution	(B) Contribution	(C) Contribution
Attended CAD	2,108 (1,614)	376.3 (571.6)	495.4 (481.9)
Age		-1,626*** (574.3)	-1,745*** (575.9)
Age-squared		30.50*** (10.21)	32.51*** (10.21)
Female		18.67 (316.4)	-79.77 (340.4)
Education = 2, Bachelor's		1,614*** (567.1)	1,620** (710.0)
Education = 3, Master's/Professional Degree		1,474** (690.6)	1,492* (822.5)
Income = Undisclosed		290.9 (590.2)	368.3 (590.2)
Income = Less than Rs. 10,000/month		209.8 (403.6)	102.3 (439.1)
Income = Rs. 10,000 - Rs. 30,000/month		669.0 (456.0)	674.1 (527.7)
Income = Rs. 30,000 - Rs. 50,000/month		340.5 (335.9)	322.4 (397.8)
Income = More than Rs. 50,000/month		603.5 (425.5)	654.6 (465.0)
Eastern States			-888.0 (829.4)
Northern States			59.14 (424.8)
Southern States			-552.8 (396.9)
Other States			181.1 (451.3)
Constant	681.0*** (93.86)	19,932*** (7,307)	21,744*** (7,345)
Observations	67	67	67
R-squared	0.130	0.715	0.732

Robust standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.1

Table B.1: Regression estimates of contributions to CAD (without past editions attended)