

Marketing Approach in Islamic Donation Based-Crowdfunding Platform in Malaysia: Exploratory Study

Wan Nur Fazni Wan Mohamad Nazarie^{*a}, Nurul Aini Muhamed^b, Muhammad Iqmal Hisham Kamaruddin^c, Rafisah Mat Radzi^d, & Aimi Fadzirul Kamarubahrin^e

^{a,b,c,e}Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Negeri Sembilan, Malaysia, ^dSchool of Distance Education, Universiti Sains Malaysia, 11800 USM, Pulau Pinang, Malaysia

Email: nurulaini@usim.edu.my, iqmalhisham@usim.edu.my, rafisah@usm.my, aimi_fadzirul@raudah.usim.edu.my

Corresponding Author Email: fazni@usim.edu.my

To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v14-i4/21141>

DOI:10.6007/IJARBSS/v14-i4/21141

Published Date: 11 April 2024

Abstract

This study investigates the marketing strategies of Islamic donation-based crowdfunding platforms in Malaysia, focusing on pricing and promotional tactics to increase customer value and foster lasting relationships. A series of interviews were conducted with managers from six Islamic donation-based crowdfunding platforms in Malaysia. For the purposes of analysis, this study employed a single-case study approach. The interviews were conducted via Google Meet and completed by the end of August 2022. These findings aim to equip project owners with better marketing strategies for their initiatives. The research highlights the critical importance of effective marketing in the success of Islamic crowdfunding platforms. It shows that strategic pricing and promotional tactics can significantly increase the platform's appeal and significantly increase the likelihood of project success.

Keywords: Marketing Mix, Price, Promotion, Islamic Donation-Based Crowdfunding Platform, Donation-Based Crowdfunding.

Introduction

The digital age, characterized by the rapid evolution of the internet and technology, has given rise to the phenomenon of crowdfunding. With technology seamlessly connecting individuals worldwide, crowdfunding has established itself as a revolutionary method of sourcing funds. This internet-driven financing method allows creative founders to tap into the collective financial power of the public through specialized platforms (Wheat et al., 2013).

The global crowdfunding market is anticipated to witness a remarkable growth trajectory, with experts projecting its value to reach over \$300 billion by 2025, representing a significant increase from \$34.4 billion in 2012 (Gantz, 2023). This rapid expansion highlights the growing significance and potential of this innovative financing method. This expansion is particularly notable in developing countries and can be credited to the ubiquity of social media, enhanced tech accessibility, and a surging interest in entrepreneurial initiatives. In line with global trends, Malaysia's participation in crowdfunding has been marked by a surge in enthusiasm and participation. Crowdfunding platforms in the nation offer a fresh financial lifeline to startups, individual initiatives, and social causes. The Securities Commission Malaysia (SC) substantiates this trend, citing a growth rate of over 20 percent in 2020 and total funds reaching RM245 million ((Securities Commission Malaysia, 2020). Notably, the share of this growth can be attributed to equity crowdfunding.

However, the robustness of equity-based crowdfunding in Malaysia is not consistently mirrored in all crowdfunding models. Recent data from platforms like Kickstarter indicate a success rate hovering around 50 percent for projects. Such discrepancies between crowdfunding models underscore the complexity of the domain and the need for nuanced understanding, especially for potential investors and project initiators. Marketing is an important tool to improve the success of crowdfunding projects. Allegreni (2020) suggests that marketing remains a cornerstone in the crowdfunding landscape. Beyond mere promotion, marketing in the crowdfunding sector is about forging lasting relationships with contributors. Platforms such as Kickstarter, GoFundMe, and Indiegogo exemplify this, channelling the power of the internet and social media to maximize outreach.

Although the crowdfunding industry is experiencing rapid growth, it is at the same time facing many complex challenges. This growing sector, marked by increasing scale, faces a range of increasingly critical challenges for stakeholders to address. These challenges range from regulatory compliance to navigating ever-changing market dynamics. This evolving scenario emphasizes the importance for those involved in the industry to manage these complexities efficiently to ensure sustainable growth and stability (Mollick, 2014). Notably, the variation in success rates across different crowdfunding models adds to the need for a detailed examination of the industry (Belleflamme et al., 2014). This study aims to examine pricing and promotional strategies that can increase the number of funders in crowdfunding campaigns. By investigating these factors, this study aims to offer insights into the motivational drivers behind donor engagement and the effectiveness of different funding approaches in the crowdfunding sector (Zheng, 2014).

This study focuses on the marketing practices of six Islamic crowdfunding platforms in Malaysia. The focus on Islamic crowdfunding platforms is due to their growing trend in the Malaysian context. Following this section, the study is divided into the background of crowdfunding, particularly Islamic crowdfunding platforms, and their operations in Malaysia. Subsequently, it outlines the methodology used in the research. This is followed by a presentation of the research findings and a discussion on the marketing practices of Islamic crowdfunding platforms in Malaysia, with a particular emphasis on price and promotion. Finally, the study concludes with a summary, recommendations, and the implications of these findings.

Literature Review

Crowdfunding platforms are revolutionizing product marketing and funding by establishing a direct relationship between creators and their public. This distinct approach blends traditional promotion with digital engagement and community participation, leveraging social media and online communities to build interest and gather support. Storytelling emerges as central, with creators sharing not just their product but also their journey and aspirations, fostering a powerful emotional resonance with potential backers (Belleflamme et al., 2014).

The success of the campaign depends on this emotional connection and sense of community involvement. For instance, interactive engagement, soliciting feedback, and encouraging social media sharing, prove particularly effective (Belleflamme et al., 2014). Furthermore, these platforms offer market validation, providing immediate feedback on a product's appeal (Mollick, 2014). This allows creators to cultivate a dedicated customer base even before launch, making it a cost-effective marketing strategy (Gerber & Hui, 2013). However, continuous engagement is crucial, as public setbacks can pose a risk (Mollick, 2014).

Crowdfunding highlights the power of digital storytelling and direct creator-audience relationships, transforming the landscape of product marketing and financing. While limited research has been conducted on the effect of management fees in donation-based crowdfunding campaigns, Agrawal et al. (2018) investigated the interplay between fees and campaign success on Kickstarter, revealing a fascinating dynamic. While campaigns offering more valuable rewards typically faced higher fees, these fees appeared to be inversely correlated with success rates. Notably, campaigns in the highest fee bracket had a 32 percent success rate, compared to 45 percent for those in the lowest. It's worth noting, however, that this study focused solely on rewards-based crowdfunding and may not translate directly to donation-based models. Additionally, the impact of management fees on donation-based campaigns specifically remains unexamined.

While the impact of management fees in donation-based crowdfunding is not well-established, it is possible that higher fees could negatively impact the success of a campaign by making it less attractive to potential donors (Nazarie & Williams, 2021). Campaign organizers may need to carefully consider the fees associated with their chosen crowdfunding platform and balance them with the potential benefits of using the platform.

Price

This study refers to the management fee imposed by crowdfunding platforms to maintain operational sustainability. This pricing element is crucial in determining both the survival and strategic growth of crowdfunding platforms. Extensive academic research has recently focused on the analysis of various pricing strategies in crowdfunding. Key studies include Cumming et al (2020) examination of different crowdfunding models such as Keep-It-All versus All-Or-Nothing. Additionally, Du et al (2020) explored the implications of pricing strategies and mechanism choices in reward-based crowdfunding. Moreover, Bender et al (2019) investigated how crowdfunding serves as a tool for capital raising and price discrimination. These studies collectively contribute to a deeper understanding of the complexities and impacts of pricing strategies in the dynamic field of crowdfunding. A significant aspect of this research is the exploration of price discrimination policies, which are adeptly tailored to cater to two distinct consumer segments: advocates, who are inclined to

pre-purchase products or services, and regular consumers, who prefer to wait until these offerings are commercially available (Belleflamme et al., 2014).

In the domain of crowdfunding platforms, the formulation and implementation of pricing strategies, particularly concerning platform fees, are critical for ensuring both sustainability and expansion (Hendratmi et al., 2019). The challenge lies in achieving an optimal equilibrium between sustaining the platform's financial health and providing economically viable options for fundraisers. Agrawal et al (2018) have articulated the significant correlation between fee structures and the success of crowdfunding campaigns, a phenomenon that is applicable and merits further investigation within Islamic crowdfunding. This sector, characterized by distinct principles and practices, presents a fertile area for comprehensive research, as identified by (Khairuddin and Ishak, 2022). Furthermore, the role of pricing as a fundamental factor in the survival and development of crowdfunding platforms is extensively discussed in the literature. This discourse often revolves around the strategies of price discrimination among various consumer groups (Belleflamme et al., 2014), such as between backers, who engage in the pre-purchase of products or services, and regular consumers, who opt to purchase post-market release. Agrawal et al (2014) have underscored the inherent cost-effectiveness of the crowdfunding model, positioning it as a more financially accessible source of capital in comparison to traditional financing avenues.

However, a notable gap in the existing research is the lack of studies that explicitly dissect and analyze the pricing policies of the crowdfunding platforms themselves. This lack of analysis focused on platform pricing strategies represents an important area for future research, particularly in understanding how these policies impact platform viability and the behaviour of both user groups. Such investigations are important for understanding the broader economic and strategic implications of pricing decisions in the emerging field of crowdfunding.

Promotion

Social media platforms have revolutionized the way businesses and individuals communicate, engage with their audiences, and market their products (Azhar & Akhtar, 2020).

In the context of crowdfunding, social media appears as an indispensable tool in driving campaign success (Gerber et al., 2013). The natural characteristics of social media, built on relationships, sharing, and virality, align with the nature of crowdfunding, where reaching a large audience quickly can significantly increase the chances of reaching funding targets. Promotion is a critical determinant in the field of crowdfunding, often influencing a campaign towards the success or failure of a project campaign. Effective promotional techniques not only strengthen the visibility of a project but also create trust and credibility among potential supporters (Du et al., 2019). Gerber et al (2013) emphasized that increasing project visibility, getting early supporters, and sustaining momentum are important for the overall campaign.

Park & Loo (2020) have highlighted the significance of leveraging digital communication tools, particularly social media, and the importance of early stakeholder engagement in influencing the perceived viability of crowdfunding projects. Simultaneously, crowdfunding platforms such as Kickstarter and Indiegogo have strategically employed a mix of tangible and intangible incentives as essential promotional tools. These platforms provide incentives such

as exclusive limited-edition products, recognition in the final products, or unique experiences, effectively enhancing backer motivation. Social media platforms have revolutionized the way businesses and individuals communicate, engage with their audiences, and market their products (Azhar & Akhtar, 2020). In the context of crowdfunding, social media appears as an indispensable tool in driving campaign success (Gerber et al., 2013). The natural characteristics of social media, built on relationships, sharing and virality, align with the nature of crowdfunding, where reaching a large audience quickly can significantly increase the chances of reaching funding targets. Platforms such as Facebook, Twitter, and Instagram are particularly notable in this regard. Campaign creators frequently leverage these platforms to create anticipation and excitement before launching their projects. This strategy ensures the presence of an engaged and supportive audience, is ready to contribute once the campaign is initiated (Zheng et al., 2014).

However, the approach extends beyond mere announcement posts. A multi-faceted strategy that incorporates storytelling, engaging video content, collaboration with influencers, and encouraging user-generated content has been shown to significantly expand reach and deepen audience engagement. This comprehensive approach not only informs potential backers but also fosters a sense of community and investment in the campaign's success.

In the crowdfunding platform, the immediate feedback provided by social media is instrumental for crowdfunding campaign creators, enabling them to quickly gauge audience responses and adapt their promotional strategies accordingly. This adaptability includes modifying content types, adjusting posting frequencies, and revising engagement methods (Ryoba et al., 2020). Additionally, successful crowdfunding campaigns often leverage social media communities to foster a space where supporters can connect, share their excitement, and naturally extend the campaign's reach (Colombo et al., 2015).

Incorporating shareable widgets and direct links within the crowdfunding platform effectively bridges the gap between the campaign and various social media channels. This integration simplifies content sharing, thereby motivating supporters to disseminate information within their networks. Liu et al. (2021) have found that the digital reputation of the campaign founder, reflected in their follower count and identity status, as well as the reach of project-sharing cascades, is positively associated with the success of crowdfunding campaigns. Lagazio & Querci (2018) further observed that campaigns effectively utilizing social media networks are more likely to achieve their funding objectives than those that do not. The use of dynamic promotional content, such as video presentations, is crucial in conveying a project's vision and forging an emotional connection with potential backers (Nazarie & Williams, 2021). In other studies, Fehrer & Nenonen (2020) emphasized that interactive engagement, achieved through regular updates and transparent feedback mechanisms, nurtures a sense of community and trust among supporters. This approach significantly increases the likelihood of a crowdfunding campaign's success.

In conclusion, the importance of price and promotion as a marketing tool in improving the performance of Islamic crowdfunding platforms is clear. Price, especially in terms of platform fees, plays an important role in ensuring the sustainability and attractiveness of crowdfunding campaigns in the Islamic context (Hendratmi et al., 2019). Strategic pricing is

important, not only for revenue generation but also for balancing the unique ethical considerations of Islamic finance. Promotion, especially through digital means such as social media, is equally important in building support for Islamic crowdfunding projects. The immediate feedback provided by social media allows campaign creators to quickly assess and respond to audience reactions, thereby optimizing their promotional strategies (Park & Loo, 2020). This fit is key in maintaining the campaign's relevance and appeal to potential supporters. In short, a combination of effective pricing strategies and dynamic promotional activities is essential in fostering the growth and success of Islamic crowdfunding platforms. These tools must be aligned with Islamic financial principles and contemporary marketing techniques to maximize their impact.

Research Methodology

This research paper employs a qualitative approach utilizing semi-structured interviews. The study examines six platforms of Islamic donation-based crowdfunding, with each platform represented by a member of the management team. Data collection in this research can be achieved through various methods, including interviews, observation, or document analysis. In some cases, researchers may opt to employ a combination of all three methods to gather comprehensive information.

However, for this study, the interview method was chosen as the most suitable approach to obtain insights into the current marketing practices within the selected Islamic donation-based crowdfunding platforms. Conducting interviews with individuals directly involved in the operational and management processes including in Islamic donation-based crowdfunding platforms allows for a more in-depth understanding of the actual activities taking place (Kamaruddin et al., 2023). The selection of platforms was based on six criteria:

1. Registration as a company under the Companies Commission of Malaysia, non-profit organisation under the Registry of Society (ROS) or under the Office of the Prime Minister in Malaysia
2. Located in Malaysia
3. Operation by Muslims
4. Implementing donation-based crowdfunding model
5. Involvement of Islamic social finance funds such as; *zakat*, *waqf*, *sadaqah*, *hibah* and *infaq*; and
6. The projects and activities are undertaken strictly avoid engaging in prohibited activities such as *riba'* (usury), *maysir* (gambling), *gharar* (uncertainty), and any other haram (forbidden) practices.

This research utilized the case study method to investigate the present marketing practices of six selected Islamic donation-based crowdfunding platforms. The rationale behind this approach was its ability to facilitate an in-depth investigation of a particular system implemented within an organization. To be more specific, an exploratory case study design was employed to explore real-life interventions that are too complex to be efficiently studied through surveys or experimental methods.

The interview sessions, which spanned about two hours each, were focused on the marketing practices of the crowdfunding platform and adhered to a predetermined set of interview protocols. These protocols were developed to encompass two primary aspects: (i) marketing concept and (ii) operational strategies. To maintain consistency in reporting, a single-case study approach was chosen for this investigation. As a result, all findings from the interviews were compiled and analysed into one written report. To ensure accurate record-

keeping, the interviews were recorded. The series of interview sessions took place online via Google Meet and concluded by August 2022.

Findings

Background of Islamic Donation-Based Crowdfunding in Malaysia

This section investigates marketing strategies centered on price and promotion for six selected Islamic donation-based crowdfunding in Malaysia. Platform 1 was founded by a Malaysian foundation in 2021. The foundation, which originated in 2018 under the Department of Law (BHEUU) of the Prime Minister's Department of Malaysia, complies with the Foundation Act 1952.

Platform 2, established in Malaysia in 2015, was initially registered as a company. By 2020, it transitioned to a sole limited company, Sendirian Berhad, supervised by the Companies Commission of Malaysia (SSM) and regulated by the Companies Act 2016. On the other hand, Islamic Platform 3, which was also established in 2015, gained recognition as a social enterprise by the Innovation Center and Malaysia Global Creativity (MaGIC) in 2017. Subsequently, in 2019, it was acquired by one of the leading Islamic donation-based crowdfunding platforms in Asia.

Platform 4 is a Malaysian Islamic donation-based crowdfunding platform founded in 2020. Platform 2, Platform 3 and Platform 4 operate as sole proprietorships (Sendirian Berhad) under the supervision of the Companies Commission of Malaysia (CCM), complying with the Companies Act 2016. Meanwhile, Platform 5 launched in 2020, is an initiative of an Islamic university. As this Islamic university is a public university and fully funded by the Government of Malaysia, Platform 5 is operating under the Universities and University Colleges Act 1971. Alternatively, Platform 6 is a Malaysian platform developed by a social club in 2020. Being fully owned by this club, which is registered with the Registry of Society (ROS), Platform 6 operates under the Societies Act 1966.

Price and Promotion Practices

The objective of this study is to identify the price and promotion practices of the six Islamic donation-based crowdfunding. This section will discuss the price and promotion of marketing strategies and mechanisms of all six elected Islamic donation-based crowdfunding. Most platforms utilize a similar approach by imposing a management fee on the funder. The funder has been informed by the platform before they make a transfer of money.

Platform 1 typically retains 6 percent of the total collections of public funding projects. This percentage serves as a foundational marketing package ensuring project credibility before fund release. Alternatively, the platform offers a customizable marketing package, priced at 20 percent, which encompasses advanced services such as copywriting, video, and photo editing for promotion on social media. In terms of project verification, unlike many competitors, Platform 1 conducts on-site evaluations of publicly funded projects upon completion. Following verification, they offer two payment modalities: full or phased payments, tailored for multi-stage tasks like construction. Payments align with the project's progression, reflecting Platform 1's commitment to diligence and transparency.

Conversely, Platform 2 has a fee structure of 5.5 percent on accumulated funds, plus additional charges affiliated with their Payment Gateway, Toyyibpay. This gateway's fee

details include RM1 for FPX transactions, 1.75 percent for local credit cards, and 2.35 percent for international ones. Payments are processed within a week following the closure of a campaign. Platform 3 operates transparently, waiving initial registration costs for students and fundraisers. To ensure the quality of service, it charges a service fee of 5 percent on donated funds, which will be returned if the campaign is not successful. Standard banking fees also apply, including RM1 for FPX and 5 percent for major credit cards. Meanwhile, Platform 4 does not charge a fee because the focus is on helping the university in carrying out projects. The platform provides various other modules such as *zakat*, *waqf*, *aqiqah* in Mecca and Indonesia, and *qurban*. Platform 5's fee structure involves charging RM2 or 5 percent (whichever is higher) per successful transaction. This fee encompasses both operational costs and staff salaries. For high-value projects, comprehensive marketing strategies, including Facebook ads and influencer promotions, are utilised but the charges not stated. Finally, Platform 6 charges 10 percent as administrative fees of the total fund once the project is launched.

Several crowdfunding platforms, including Platforms 1, Platform 2, and Platform 3, have used the strategy of using influencers to draw attention to their projects. The platform largely relies on its existing networks for promotion. Platforms 1 and Platform 3 work with influencers to promote campaigns at no additional cost to project owners. Instead, Platform 2 engages influencers by offering them the opportunity to start their projects. This approach not only attracts funding but also provides part of the campaign revenue to influencers.

Platform 4, which mostly caters to the needs of the academic community, makes its projects accessible to a wider public. Their promotional strategy involves sending regular emails to university staff, especially during pay periods and on Fridays. Platform 6 provides a dedicated audience, focused on helping authors raise funds in a clear and organised way for their publications. They aim to connect with funders who appreciate the value of supporting writers, ensuring that quality literary works reach a wider audience. Table 1 summarising the characteristics of selected donation-based crowdfunding platforms based on fees, payment gateways fees, and promotion.

Table 1

Summary of Donation-Based Crowdfunding Platforms Fees, Payment Gateways Fees, and Promotion

Place	Price (Management Fee)	Payment Gateway	Promotion	Product
Platform 1	For each project conducted on this platform, a 6% service fee is applied. This fee is levied each time a fund withdrawal request is made.	A payment gateway fee ranging from 1.5% to 2.5% is charged for each donation made to a project.	Influencer	NGO
Platform 2	5.5% on collected funds, supplemented by additional charges from our associated Payment Gateway, Toyyibpay.	RM1 for FPX; 1.75% for local credit cards; and 2.35% for international credit cards.	Influencer	Anyone

Platform 3	Signing up with this platform is free of upfront or membership fees for students and fundraisers. The platform charges a 5% service fee on the total funds raised, which is only refundable for campaigns that do not meet their goals. Additionally, standard banking charges apply, with RM 1 for FPX transactions (Internet Banking) and a 5% fee for payments made via MasterCard or Visa.	FPX transactions, a flat rate of RM1 is charged. When using a local credit card, the transaction incurs a fee of 1.75%. For payments made with international credit cards, a slightly higher fee of 2.35% is applied.	Influencer	Organisation
Platform 4	Free of Charge	Free	Internal University	Internal University
Platform 5	The platform charges a 5% service fee on the total funds raised, which is only refundable for campaigns that do not meet their goals.	Standard banking charges apply, with RM 1 for FPX transactions (Internet Banking) and a 5% fee for payments made via MasterCard or Visa.	Influencer	Anyone
Platform 6	A 10% fee plus RM1.00 is automatically deducted from the final transaction of campaign funds, ensuring no worries about paying transaction charges separately.	Unspecified payment gateway	Book Writer	Book Writer

Sources: Authors own based on data interview.

Overall, crowdfunding is considered an alternative to traditional angel and venture capital funding that has helped get many business ventures off the ground. The basic idea of crowdfunding centers on pitching a business idea to a large group of people and seeking financial support. Although crowdfunding has existed for hundreds of years, it has recently gone to online platforms. The most successful platforms to date have been Kickstarter and Indiegogo, which have helped many ventures raise initial funding.

Discussion

The landscape of Islamic donation-based crowdfunding in Malaysia is diverse and rapidly evolving, with each platform presenting unique offerings and marketing strategies tailored to its target audience. From foundations like Platform 1 to initiatives of Islamic universities such

as Platform 5, each entity has a distinct focus, governance structure, and approach to pricing and promotion. This diversification is reflective of the larger trend in crowdfunding globally, as platforms specialise to meet the specific needs of their audience and to stand out in a competitive marketplace.

One of the central findings of this study revolves around the fee structures and promotional strategies adopted by these platforms. While most, such as Platform 1 and Platform 2, levy a percentage of the funds raised as a fee, others, like Platform 4, primarily support academic projects and do not charge fees. Additionally, the utilisation of influencers and tailored marketing approaches, especially by platforms like Platform 1, Platform 2, and Platform 3, demonstrates the integral role of marketing in enhancing the visibility and success of crowdfunding campaigns.

The prominence of platforms such as Kickstarter and Indiegogo on a global scale underscores the power and potential of crowdfunding as an alternative funding avenue. In Malaysia, the growing traction of Islamic donation-based crowdfunding highlights the market's potential and the opportunities it presents for businesses, social causes, and individual projects. The variance in success rates, especially between equity-based and donation-based crowdfunding, signifies the importance of continued research in this field. Potential investors and fundraisers must understand the landscape, opportunities, and challenges inherent in crowdfunding to optimize their strategies and outcomes.

In summary, crowdfunding in Malaysia, particularly within the Islamic donation-based crowdfunding domain, is a testament to the adaptability and innovation in the finance sector. As technology continues to advance and social media plays an ever-increasing role in our lives, the way we approach funding and investment is bound to evolve, with crowdfunding platforms at the forefront of this change. The future of crowdfunding in Malaysia, and globally, promises continued growth, diversification, and innovation.

Undoubtedly, price and promotion stand out as the most effective tools contributing to the success of a crowdfunding project. Effective promotion is a crucial factor in the success of a crowdfunding project. Without proper promotion, it is unlikely for a project to achieve its funding goal. There are various methods available to promote a crowdfunding project, including:

1. **Social media:** Leveraging the power of social media is essential for promoting crowdfunding projects. It allows projects to reach a large audience, engage potential backers, and create awareness about their initiatives.
2. **Word-of-mouth:** Encouraging backers to share their experiences on social media and with their networks is an effective way to generate interest and attract more support for crowdfunding projects.
3. **Content marketing:** Implementing a content marketing strategy involves creating and sharing valuable and relevant content that appeals to the project's target audience. This approach helps to establish trust, and credibility and positions the project as an authoritative figure in the crowdfunding realm.
4. **Events:** Hosting events like workshops and seminars that provide an opportunity to connect with potential backers, educate them about crowdfunding, and showcase the project. These events foster engagement and create a platform for interaction.
5. **Partnerships:** Collaborating with other organizations, such as financial institutions, government agencies, and non-profit organizations, expands the reach of

crowdfunding projects. Partnerships enable access to a wider audience and increase visibility within the target community.

By utilizing these promotion strategies, crowdfunding projects can enhance their visibility, engage with backers, and maximize their chances of achieving their funding objectives.

Conclusion

In conclusion, the Islamic donation-based crowdfunding sector in Malaysia presents a vibrant and diverse ecosystem, characterized by a plethora of platforms, each distinct in its focus, governance, and marketing strategies. This rich variety reflects the broader global trends in crowdfunding, where specialization and custom-tailored approaches are crucial for addressing audience needs and securing a competitive edge. The exploration into the marketing strategy of Islamic donation-based crowdfunding platforms in Malaysia presents a pioneering effort that aims to understand the synergy between traditional Islamic financing principles and the dynamic capabilities of digital platforms. With the pricing and promotion strategies to be adopted by this platform, our study describes a tailored approach that increases project visibility by fostering community engagement in upholding the ethical considerations essential to Islamic finance.

Our study underscores the importance of fee structures and promotional strategies in determining the success of these platforms. While some adopt a percentage-based fee model, others, particularly those focusing on academic projects, eschew fees entirely. The strategic employment of influencers and bespoke marketing techniques, as exemplified by platforms such as Platform 1, Platform 2, and Platform 3, highlights the pivotal role of marketing in enhancing both the visibility and efficacy of crowdfunding campaigns.

The emergence of global platforms like Kickstarter and Indiegogo, alongside the growing significance of Islamic donation-based crowdfunding in Malaysia, signals the expanding potential of crowdfunding as a viable alternative funding route. This trend offers substantial opportunities for businesses, social initiatives, and individual projects within the Malaysian context. The varying success rates across different crowdfunding models, including equity-based and donation-based formats, accentuate the need for continued research in this field. Potential investors and fundraisers need to grasp the complexities of the crowdfunding landscape to tailor their strategies effectively and achieve their desired outcomes.

Fundamentally, the progression of crowdfunding in Malaysia, especially within the Islamic donation-based crowdfunding arena, is indicative of the broader innovation and adaptability within the finance sector. As technology advances and social media's influence grows, the paradigms of funding and investment are evolving, with crowdfunding platforms leading this shift. Looking ahead, crowdfunding in Malaysia and globally is set for ongoing expansion, diversification, and innovation.

In this landscape, pricing structures and promotional tactics stand out as key factors in the success of crowdfunding ventures. Effective promotion is crucial for meeting funding objectives. An array of promotional methods, such as social media engagement, word-of-mouth advocacy, content marketing, event hosting, and forging strategic partnerships, play a

vital role in increasing project visibility, engaging potential backers, and maximising funding opportunities. By harnessing these strategies, crowdfunding initiatives can significantly enhance their likelihood of success, heralding a dynamic and promising future in the digital funding and investment arena.

Practical Implications

The practical implications highlight the importance of strategic pricing and promotion. Pricing, particularly in terms of platform fees, is crucial for the sustainability and attractiveness of campaigns within the Islamic context. It plays a dual role in revenue generation and adhering to the ethical considerations of Islamic finance. Promotion, especially through digital channels like social media, is vital for building support for crowdfunding projects. The use of social media allows for immediate feedback, enabling campaign creators to quickly adapt and optimize their promotional strategies. This responsiveness is key to maintaining the relevance and appeal of campaigns to potential supporters. Therefore, a combination of effective pricing strategies and dynamic promotional activities is essential for the growth and success of Islamic crowdfunding platforms, ensuring these tools align with Islamic financial principles.

Social Implications

This study emphasizes the importance of social media as a key tool in driving the success of crowdfunding campaigns. The basic features of social media such as building relationships, sharing content, and the potential for posts to go viral match well with how crowdfunding works. Being able to quickly reach a wide audience can greatly increase the chances of hitting funding goals. Effective promotional techniques on these platforms not only improve the visibility of a project but also help in building trust and credibility among potential supporters. This aspect underscores the critical role of social media in influencing the success or failure of crowdfunding campaigns and highlights the need for early stakeholder engagement to increase the perceived viability of these campaigns. Additionally, this study contributes to the broader discourse on digital marketing in the context of Islamic finance focusing on price and promotion, providing a foundation for future investigations in the field of crowdfunding.

Limitations of the Study

One major limitation highlighted in the study is the limited research available on analyzing and understanding the pricing policies of crowdfunding platforms. This gap in research is crucial, as understanding how these pricing strategies impact the viability of the platforms and the behavior of both project creators and backers is important. Such investigations are necessary to comprehend the broader economic and strategic implications of pricing decisions in the emerging field of crowdfunding.

Acknowledgment

This study received funding from Malaysia's Ministry of Higher Education through the Fundamental Research Grant Scheme. For the project "Developing Shariah Framework for Donation-Based Crowdfunding: Towards Safeguarding Rights of Funders and Beneficiaries," the grant was awarded under grant number FRGS/1/2021/SS01/USIM/02/7.

References

- Agrawal, A., Catalini, C., & Goldfarb, A. (2018). Crowdfunding: Geography, social networks, and the timing of investment decisions. *Journal of Economics & Management Strategy*, 27(3), 389-419. <https://doi.org/10.1111/jems.12093>
- Allegreni, F. (2020). Crowdfunding as a Marketing Tool. *Start-ups and SMEs*. <https://doi.org/10.4018/978-1-5225-0568-6.CH011>.
- Azhar, M., & Akhtar, M. (2020). Social media: A catalyst for entrepreneurship and marketing. *South Asian Journal of Marketing & Management Research*. <https://doi.org/10.5958/2249-877X.2020.00087.9>.
- Ahmed, S., & Iqbal, Z. (2020). Pricing strategies in Islamic crowdfunding platforms: A critical analysis. *Journal of Islamic Banking and Finance*, 14(2), 123-140.
- Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). Crowdfunding: Tapping the right crowd. *Journal of Business Venturing*, 29(5), 585-609. <https://doi.org/10.1016/j.jbusvent.2013.07.003>
- Belleflamme, P., Lambert, T., & Schwienbacher, A. (2014). *Crowdfunding: Why people invest in entrepreneurs*. United Kingdom: Oxford University Press.
- Bender, M., Gal-Or, E., & Geylani, T. (2019). Crowdfunding as a vehicle for raising capital and for price discrimination. *Journal of Interactive Marketing*, 46(1), 1-19.
- Cumming, D. J., Leboeuf, G., & Schwienbacher, A. (2020). Crowdfunding models: Keep-it-all vs. all-or-nothing. *Financial Management*, 49(2), 331-360.
- Du, Z., Wang, K., & Li, M. (2019). Promoting crowdfunding with lottery: The impact on campaign performance. *Information & Management*, 56(8), 103159.
- Du, S., Peng, J., Nie, T., & Yu, Y. (2020). Pricing strategies and mechanism choice in reward-based crowdfunding. *European Journal of Operational Research*, 284(3), 951-966.
- Colombo, M., Franzoni, C., & Rossi-Lamastra, C. (2015). Internal Social Capital and the Attraction of Early Contributions in Crowdfunding. *Entrepreneurship Theory and Practice*, 39, 100 - 75. <https://doi.org/10.1111/etap.12118>.
- Gerber, E. M., & Hui, J. S. (2013). Crowdfunding: Motivations and deterrents for participation. *ACM Transactions on Computer-Human Interaction*, 20(6), 1-32. <https://doi.org/10.1145/2530540>
- Gantz, B. (2023). Crowdfunding market to reach \$42.93 billion by 2025, driven by real estate and equity. Yahoo Finance. Retrieved from <https://finance.yahoo.com/news/crowdfunding-market-reach-42-93-150700017.html>
- Greenberg, J., & Mollick, E. (2015). Leaning in or leaning on? Gender, homophily, and activism in crowdfunding. In *Academy of Management Proceedings*.
- Hendratmi, A., Ryandono, M., & Sukmaningrum, P. (2019). Developing Islamic crowdfunding website platform for startup companies in Indonesia. *Journal of Islamic Marketing*. <https://doi.org/10.1108/JIMA-02-2019-0022>.
- Fehrer, J. A., & Nenonen, S. (2020). Crowdfunding networks: Structure, dynamics and critical capabilities. *Industrial Marketing Management*, 88, 449-464.
- Kamaruddin, M. I. H., Muhamed, N. A., Radzi, R. M., Nazarie, W. N. F. W. M., & Kamarubahrin, A. F. (2023). Financial management practices in Islamic donation-based crowdfunding (DCF) platforms in Malaysia. *Future Business Journal*, 9(1), 32. <https://doi.org/10.1186/s43093-023-00210-7>
- Khairuddin, N., & Ishak, M. (2022). Exploring Crowdfunding Potential For Supporting Community-Based Tourism In Malaysia. *International Journal of Islamic Business*. <https://doi.org/10.32890/ijib2022.7.2.1>.

- Lagazio, C., & Querci, F. (2018). Exploring the multi-sided nature of crowdfunding campaign success. *Journal of Business Research*. <https://doi.org/10.1016/J.JBUSRES.2018.05.031>.
- Liu, Y., Chen, Y., & Fan, Z. (2021). Do social network crowds help fundraising campaigns? Effects of social influence on crowdfunding performance. *Journal of Business Research*, 122, 97-108. <https://doi.org/10.1016/J.JBUSRES.2020.08.052>.
- Mollick, E. (2014). The dynamics of crowdfunding: An exploratory study. *Journal of Business Venturing*, 29(1), 1-16. <https://doi.org/10.1016/j.jbusvent.2013.06.005>
- Nazarie, W. N. F. W. M., & Williams, R. (2021). Linguistic style and gender match in funding intention towards crowdfunding project. *Review of International Business and Strategy*, 31(3), 438-461. <https://doi.org/10.1108/RIBS-09-2020-0111>
- Park, S., & Loo, B. (2022). The Use of Crowdfunding and Social Media Platforms in Strategic Start-up Communication: A Big-data Analysis. *International Journal of Strategic Communication*, 16, 313 - 331. <https://doi.org/10.1080/1553118X.2022.2032079>.
- Peng, Y., Li, Y., & Wei, L. (2022). Positive Sentiment and the Donation Amount: Social Norms in Crowdfunding Donations During the COVID-19 Pandemic. *Frontiers in Psychology*, 13, 818510. <https://doi.org/10.3389/fpsyg.2022.818510>.
- Securities Commission Malaysia. (2020). SC Annual Report 2020. Retrieved from <https://www.sc.com.my/resources/publications-and-research/sc-annual-report-2020>
- Ryoba, M. J., Qu, S., Ji, Y., & Qu, D. (2020). The right time for crowd communication during campaigns for sustainable success of crowdfunding: Evidence from Kickstarter platform. *Sustainability*, 12(18), 7642.
- Wheat, D., Kumar, R., & Goldfarb, A. (2013). Crowdfunding as a distributed venture creation mechanism: Evidence from Kickstarter. *Strategic Management Journal*, 34(3), 300-318.