



Goparity Canada: The Marketing Dilemma

Richard S. Bloomfield, Huron University

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INTRODUCTION

In January 2024, Co-founder and Managing Director of Goparity Canada (GPC) Emily Mercy sat in her office considering a major challenge. With an ambitious goal of expanding GPC nationwide, a robust marketing strategy was needed. As a part of the plan, Mercy wondered which consumer group she should focus on, and more importantly, how her team would effectively expand across Canada given their limited capabilities. Mercy had to craft a feasible marketing plan before the company's angel investor meeting the following week.

GOPARITY CANADA

GPC was an impact investment platform that prioritized accessibility in sustainable finance, allowing individuals from all backgrounds to make financial decisions that aligned with their personal values. It provided retail investors the opportunity to fund Canadian businesses that were working on sustainable development projects to support the realization of the United Nations Sustainable Development Goals (SDGs).¹ The goals are a global call to action for all people to protect the planet, end poverty, and ensure everyone can enjoy peace and prosperity by 2030.² For example, GPC funded a renewable energy project for Indigenous communities located on the West Coast that allowed customers to invest as little as \$20 to help GPC democratize access to impact investing and appeal to all investors regardless of their socioeconomic status.³

[1] Retail investors are individual investors who buy and sell securities for their personal accounts, rather than on behalf of an organization or institution. They typically invest smaller amounts of money compared to institutional investors and may use brokerage firms or online platforms to manage their investments.

[2] "The SDGs in Action," *United Nations Development Programme*, <https://www.undp.org/sustainable-development-goals>

[3] "Investments For Good," *Goparity Canada*, <https://goparity.ca/>

Goparity began in Europe, and the Canadian arm was launched in June 2023. It was one of the fastest growing platforms in Europe, and it had become well-known in Canada with operations in Ontario, Manitoba, British Columbia, and Nova Scotia. They operated on a crowdlending and peer-to-business (P2B) model, in which a community of lenders pool their funds to collectively lend money for specific projects. They funded over 300 projects outside of Canada in sustainable energy, water, social enterprise, business in transition, and green land usage with an average interest rate of 6.04%, a project maturity of three years, and over \$41 million raised.⁴

HISTORY

Goparity Canada was founded by Emily Mercy, Blake Bunting, and Elliot Warner in March of 2021, and it officially launched in June 2023. All three founders attended Western University, with Mercy and Warner completing the Ivey Business School's HBA program in their last two years. They bonded over their common interests in sustainability and renewable energy and met by participating in similar extracurricular activities and clubs. At Ivey, Mercy and Warner became fascinated with sustainable finance, because it allows individuals to invest in social and environmental causes alongside financial, rather than just financial return. Inspired by this sustainable finance activities, the pair attended a conference on impact investing and alternative forms of finance. Their enthusiasm was short-lived, however, after learning that impact investing was tailored toward high net-worth individuals; the minimum investment amounts ranged from \$1,000 – \$100,000.

Mercy and Warner identified this gap of accessibility for retail investors, and used their new venture project assignment at Ivey to launch their enterprise. In researching impact investment platforms, they discovered Goparity Europe in Portugal, which allowed individuals to invest as little as five euros, operating on a crowdlending model with numerous retail investors funding one project. Mercy connected with Goparity to discuss the future of finance and the company's vision. Impressed with her determination to create this platform in Canada, Goparity invited Mercy and Warner to launch one in Canada. They gladly accepted and worked with the Ontario Securities Commission for the next two years to develop an impact investing model that complied with Canadian regulations, while allowing investment opportunities for all types of investors. After receiving approval in March 2023, GPC was officially launched in Ontario, and soon after, it expanded to British Columbia, Manitoba, and Nova Scotia.

INDUSTRY

The impact investment market in Canada had grown immensely with a market size of approximately \$20 billion. Since 2009, the impact investment market had grown 50%, exceeding expert expectations.⁵ The competitive landscape was fragmented because of the different definitions for impact meant, in addition to a variety of non-standardized methodologies for impact investing funds. The impact investing market was becoming more integrated into mainstream finance, with major financial players adopting some form of Environmental, Social, and Governance (ESG) investing. This growth in impact investing was fueled by millennial investors, who placed a strong emphasis on contributing to local and global communities, sustainable development, and personal value investing.⁶

[4] "Investments For Good," *Goparity Canada*, <https://goparity.ca/>

[5] "Responsible Investing," *Responsible Investment Association*, <https://www.riacanada.ca/>

[6] Sean Cleary, "Impact Investing," *The Institute for Sustainable Finance*, <https://smith.queensu.ca/centres/isf/resources/primer-series/impact-investing.php>

COMPETITORS

Large Banks: The five largest banks in Canada (RBC, BMO, TD, CIBC, and Scotiabank) posed a large competitive threat to GPC.⁷ They all expanded their investment portfolios to include ESG factors into their decision-making processes. The size, influence, and reputation of these banks attracted numerous consumers who were not open to switching to a new investment platform. While this represented a positive step towards integrating sustainability into mainstream finance, socially aware investors also recognized that these banks had contributed trillions of dollars to fossil fuel investing, therefore contradicting the goal of sustainable development. Similarly, low-fee retail investment companies, such as Wealthsimple, had recently emerged and often provided a sustainable investment option for its customers.

SVX: As a nonprofit financial services firm, SVX was a major organization in the impact investing sphere for investors, organizations, funds, and enterprises across various sectors.⁸ With a diverse portfolio spanning climate, food, health, equity, housing, and community real estate, SVX had supported over 500 ventures in ten years. By mobilizing over \$350 million for impact ventures and engaging 1,200 investors, SVX had established itself as a prominent player in the impact investing landscape. SVX was, however, only open to accredited investors, such as high net-worth individuals and professional organizations, with the minimum investments ranging from \$10,000 to \$100,000. Additionally, SVX offered impact investing education to their consumers, which helped them identify their reason for impact investing, and it empowered them to invest on values that were important to them.

VERGE Capital: Located in London, Ontario, VERGE Capital was another close competitor to GPC. VERGE Capital's approach to impact investing was to provide equitable access to financing, specifically concerning those who had experienced barriers to traditional sources of capital, wealth, and income. According to their website, "Removing those barriers is an important part of our mission and mandate. We prioritize social entrepreneurs from (or organizations that serve) historically excluded and marginalized populations, such as women, Indigenous and people of colour, immigrants and newcomers, rural residents, members of the 2SLGBTQ+ community, and people with disabilities."⁹ By striving to eliminate such barriers, VERGE Capital aimed to create a better society with more diverse decision-making. In Southwestern Ontario, VERGE funded approximately 45 social development projects that aligned with the United Nations SDGs, investing \$4 million of affordable loans to social enterprises, ranging from \$10,000 to \$100,000. They were actively working on developing a platform for retail investors.

MaRS Centre for Impact Investing: MaRS Centre for Impact Investing was a leading organization interested in growing the impact investment market in Canada. With the core value that, "every dollar should make a difference," MaRS Canada created innovative ways for investors to fund social enterprises and charities with investments that created both a financial return for them and a dividend for society.¹⁰ They were notable for their institutional partnerships. For example, they launched the first social impact bond in healthcare with the Heart and Stroke Foundation and Public Health Agency of Canada, and they built a 50-unit townhouse with Habitat for Humanity. In addition to its investment programs, MaRS offered capital advisory, venture services, mentorship programs, and a well-renowned annual social finance forum attended by 500 entrepreneurs, investors, innovators, and professionals.

[7] A. Tabanao, "Climate Advocacy Group Files Securities Complaint against big five banks" (2024, January 11), *Benefits and Pensions Monitor*, <https://www.benefitsandpensionsmonitor.com/investments/esg-investing/climate-advocacy-group-files-securities-complaint-against-big-five-banks/382720>

[8] "Seeking Positive Change Through Impact Investing," *SVX*, <https://svx.ca/>

[9] "Impact," *Verge Capital*, <https://vergecapital.ca/impact/>.

[10] "MaRS Centre for Impact Investing," *MaRS Centre for Impact Investing*, <https://impactinvesting.marsdd.com/>

CUSTOMERS

GPC segmented their target market into three distinct groups: Sky, Ren, and Sunny.

Sky represented individuals who were university students, climate activists, and members of advocacy groups. While they were not high net-worth customers, who limited their capacity to invest large sums of money, they possessed a strong ability to advocate for causes they valued. With an average investment range of \$10 to \$15, they were passionate about making a difference but lacked the financial resources to do so on a large scale.

Ren represented individuals who were millennials, egalitarian idealists, highly educated, and who strongly advocated for climate action. Individuals from this group were in their mid-30s, believed in the power of individual actions to effect change, and worked full time. With a growing need for investment options aligned with their values, Ren represented a demographic with significant demand for GPC's products. Ren had the financial means to invest but faced a lack of accessible impact investing options tailored to their preferences.

Sunny represented individuals who were retired and remained passionate about addressing climate change. Having previously engaged in traditional investing, Sunny sought to differentiate their investments by prioritizing positive environmental and social impact. With substantial disposable income, this group represented the highest net-worth customer segment for Goparity Canada. Able to invest thousands of dollars and seeking to maximize the impact of their investments, Sunny's interest in sustainable finance presented a significant opportunity.

CORPORATE CAPABILITIES

GPC faced significant budget constraints, with only \$35,000 available for marketing, limiting their ability to undertake large-scale marketing projects. Much of their revenue was allocated to various regulatory fees, leaving minimal additional funding available. Cash flow was needed through large-scale growth or angel investor capital.

The company operated with a dedicated team of six individuals. Emily Mercy was the Co-Founder and Managing Director and oversaw the overall direction of the company. Blake Bunting was the Co-Founder and Director of Business Development and leveraged his expertise to expand Goparity's client base. Elliot Warner was the Co-Founder and Director of Tech, Strategy, and Finance, focusing on technological advancements and strategic planning. Luis Couto was the Chief Compliance Officer and ensured regulatory compliance within the organization. Riley Chapman was the Junior Full-Stack Developer and supported the development of the company's platform. And Aditi Basdeo was the Sustainability and Community Coordinator, facilitating community engagement and promoting sustainability initiatives. The team did not have a dedicated marketing position.

GPC had yet to execute a digital marketing campaign, relying solely on organic growth strategies. With 500 followers on Instagram, their social media presence was not as strong as they would have preferred. Additionally, without team members' having direct marketing experience, they were uncertain about strategies on how to improve.

The company faced significant legal intricacies, particularly in obtaining regulatory approval, which was often time-consuming. Such a lengthy process would likely hinder the speed of GPC's expansion.

MARKETING REQUESTS

Product

GPC's product offering centered around investment notes funding debt instruments for projects. The platform operated as a two-sided marketplace, connecting Canadian organizations that were seeking funding for sustainable projects to retail investors who were participating in crowdlending. In other words, GPC sought firms who needed to raise capital for a new project, while simultaneously seeking a pool of retail investors large enough to fund these projects. Their ideal customer journey can be seen in Exhibit 1. Each lender purchased investment notes starting at \$20. GPC's website also included a feature that ensured individuals did not invest too much, with a maximum investment amount set at 10% of their net financial assets. On average, new projects were funded for \$100,000 with an interest rate of 6.5%. Yet GPC was open to different project sizes and interest rates in the future. Despite the platform's commitment to democratizing impact investing, some investors raised concerns about the complexity of the investment process for smaller investments. To address this, GPC wanted to shift their focus to an enhanced user experience and streamlined customer journey.

Price

GPC's platform was free for investor users, with all revenue generated from fees charged to the borrowers. The platform employed a fee structure that included a servicing success fee, typically around 4%, once a project was fully funded. Once funded, GPC received a 1% premium on the annual interest rate, which ensured a source of revenue until the loan's maturity date. Borrowers paid this interest rate to GPC monthly, in addition to the principal. For example, if GPC raised \$10,000 in funds for a firm at a 5% interest rate, they received \$400 once the total was raised, and \$100 per year until the loan expired. The firm would pay 6% on their loan (5% to the investor, and 1% to GPC). GPC effectively captured revenue at the funding date of a project, and throughout the loan.

Place

GPC operated in multiple provinces, including Ontario, Nova Scotia, Manitoba, and British Columbia. Each province imposed annual operating fees, with prices varying based on provincial regulations and market dynamics, as shown in Exhibit 2. The company's expansion strategy involved navigating diverse regulatory landscapes and adapting its platform based on the province. In Ontario, it took GPC two years to get approved, and a similar length of time for approval in other provinces. In Quebec, it was mandated that the platform was in French, which was an additional barrier for GPC's expansion. Other considerations, such as interest in social finance and ESG investment, were paramount for expansion, since some provinces are more inclined to adopt these practices than others. Despite these challenges, the company remained committed to its mission of a democratized impact investing sphere with a presence all across Canada. Mercy thought that starting in Alberta would be a logical next step and did not want to spend more than \$10,000 of their marketing budget on any one province.

Promotion

GPC's promotional strategy employed centered around organic growth and community engagement. GPC mostly focused on perfecting its product—first through feedback collection—before launching a broader campaign. To engage local communities, GPC collaborated with organizations that had similar values, such as Common Goods Solutions in Halifax, Nova Scotia, and that facilitated webinars and seminars aimed at educating and engaging potential investors. They also partnered with the Ontario Centre of Innovation in Toronto for a lunch-and-learn workshop to engage with local communities and gauge interest in their platform. Moving forward, GPC wanted to focus more on growth and scaling, though the absence of dedicated marketing personnel posed a challenge. Despite constraints, GPC emphasized expanding to new locations and gaining a deeper understanding of the Canadian market. Through research, Mercy found that for every 1,000 views paid for on LinkedIn, 5% clicked on the ad, whereas Instagram's rate was 3.5%. LinkedIn charged \$8 and Instagram charged \$3.50. Historic conversion rates for GPC customers from website to becoming an investor are shown in Exhibit 3.

DECISION

Mercy knew she had to come up with a new plan soon. As she took a brief break from her desk to get some fresh air, she continued considering how GPC could effectively execute a marketing campaign, despite its limited financial and human capital. Should she continue the organic growth strategy for GPC or explore an alternative route? Which consumer segment should she focus on and how? Mercy needed a plan before the investment meeting the following week.

EXHIBIT #1

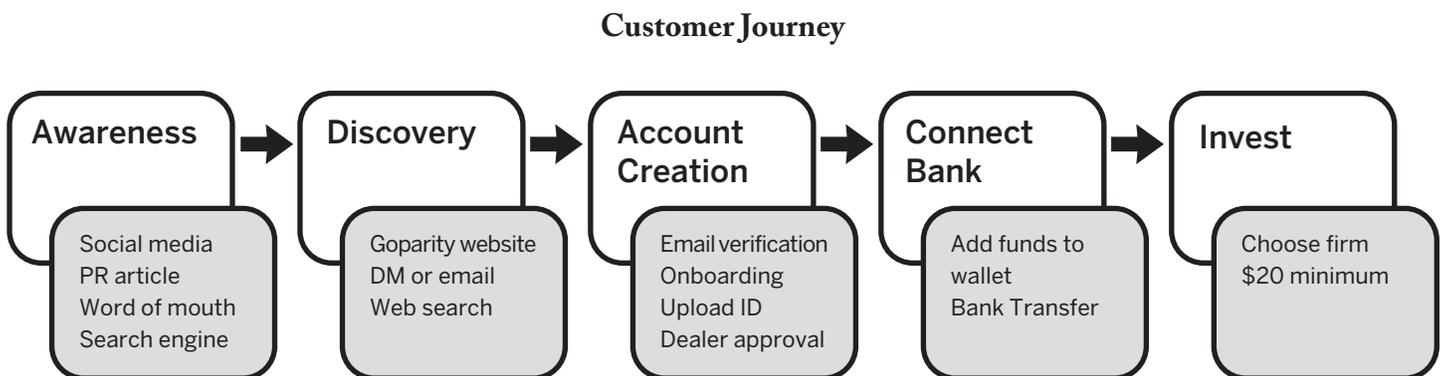


EXHIBIT #2

Exhibit 2: Regulatory Fees by Province and Federally

Annual Firm Registration, Offering Memorandum Filing, DR, UDP and CCO Registration Fees¹¹

Jurisdiction	Fee
Ontario	\$ 1,500
British Columbia	\$ 2,850
Alberta	\$ 1,800
Saskatchewan	\$ 5,950
Manitoba	\$ 4,950
Quebec	\$ 2,300
New Brunswick	\$ 1,050
Prince Edward Island	\$ 1,100
Nova Scotia	\$ 1,050
Newfoundland and Labrador	\$ 1,000
Yukon	\$1,600
Northwest Territories	\$ 1,650
Nunavut	\$ 1,600

Annual National Registration Database Fees

Basis	Fee (per employee)
For each Permitted Individual (including UDP, CCO, and DR)	\$ 75
For each added Jurisdiction	\$ 21

[11] Dealing Representative (DR): A person who buys or sells investment products on customers' behalf based on their instructions. What they can sell or buy depends on the registration category of the firm that employs them. Ultimate Designated Person (UDP): The chief executive officer of a registered firm. They are responsible for their firm's overall compliance with securities law. Chief Compliance Officer (CCO): A person who manages a registered firm's day-to-day compliance with securities law.

EXHIBIT #3**Customer Online Information**

Awareness	Total
Instagram followers	500
LinkedIn subscribers	350

Discovery	Total
Newsletter subs	340
Website visits (daily avg.)	57
Avg. time on the website	2 mins

Intention	Monthly
Account creation	210
Onboarding complete	70
Upload ID docs	38
Investors	30