
Kickstarter

Case Study



Founded in 2009



- Charles Adler, Perry Chen, and Yancy Strickler
- A fund raising website. www.kickstarter.com
- Crowd Funding
- Funded by enthusiasts rather than investors
- Began with a focus on the creative arts.



Seven things to know about Kickstarter:

(from www.kickstarter.com)

1. Kickstarter is a new way to fund creative projects.: We're a home for everything from films, games, and music to art, design, and technology. Kickstarter is full of projects, big and small, that are brought to life through the direct support of people like you. Since our launch in 2009, 7.3 million people have pledged \$1 billion, funding 72,000 creative projects. Thousands of creative projects are raising funds on Kickstarter right now.
2. Each project is independently created.: The filmmakers, musicians, artists, and designers you see on Kickstarter have complete control over and responsibility for their projects. Kickstarter is a platform and a resource; we're not involved in the development of the projects themselves. Anyone can launch a project on Kickstarter as long as it meets our guidelines.
3. Together, creators and backers make projects happen: Project creators set a funding goal and deadline. If people like a project, they can pledge money to make it happen. Funding on Kickstarter is all-or-nothing — projects must reach their funding goals to receive any money. All-or-nothing funding might seem scary, but it's amazingly effective in creating momentum and rallying people around an idea. To date, an impressive 44% of projects have reached their funding goals.
4. Creators keep 100% ownership of their work: Backers are supporting projects to help them come to life, not to profit financially. Instead, project creators offer rewards to thank backers for their support. Backers of an effort to make a book or film, for example, often get a copy of the finished work. A bigger pledge to a film project might get you into the premiere — or a private screening for you and your friends. One artist raised funds to create a wall installation, then gave pieces of it to her backers when the exhibit ended.
5. Creative works were funded this way for centuries: Mozart, Beethoven, Whitman, Twain, and other artists funded works in similar ways — not just with help from large patrons, but by soliciting money from smaller patrons, often called subscribers. In return for their support, these subscribers might have received an early copy or special edition of the work. Kickstarter is an extension of this model, turbocharged by the web.
6. Backing a project is more than just giving someone money: It's supporting their dream to create something that they want to see exist in the world. People rally around their friends' projects, fans support people they admire, and others simply come to Kickstarter to be inspired by new ideas. Some projects take longer than anticipated, but creators who are transparent about issues and delays usually find their backers to be understanding.
7. Our mission is to help bring creative projects to life. We're an independent company of 92 people based in Greenpoint, Brooklyn. We spend our time making Kickstarter a little bit better every day, answering questions from backers and creators, and finding new projects to share. If a project is successfully funded, we apply a 5% fee to the funds collected.

We believe that creative projects make for a better world, and we're thrilled to help support new ones. Building a community of backers around an idea is an amazing way to make something new. -from Kickstarter.com



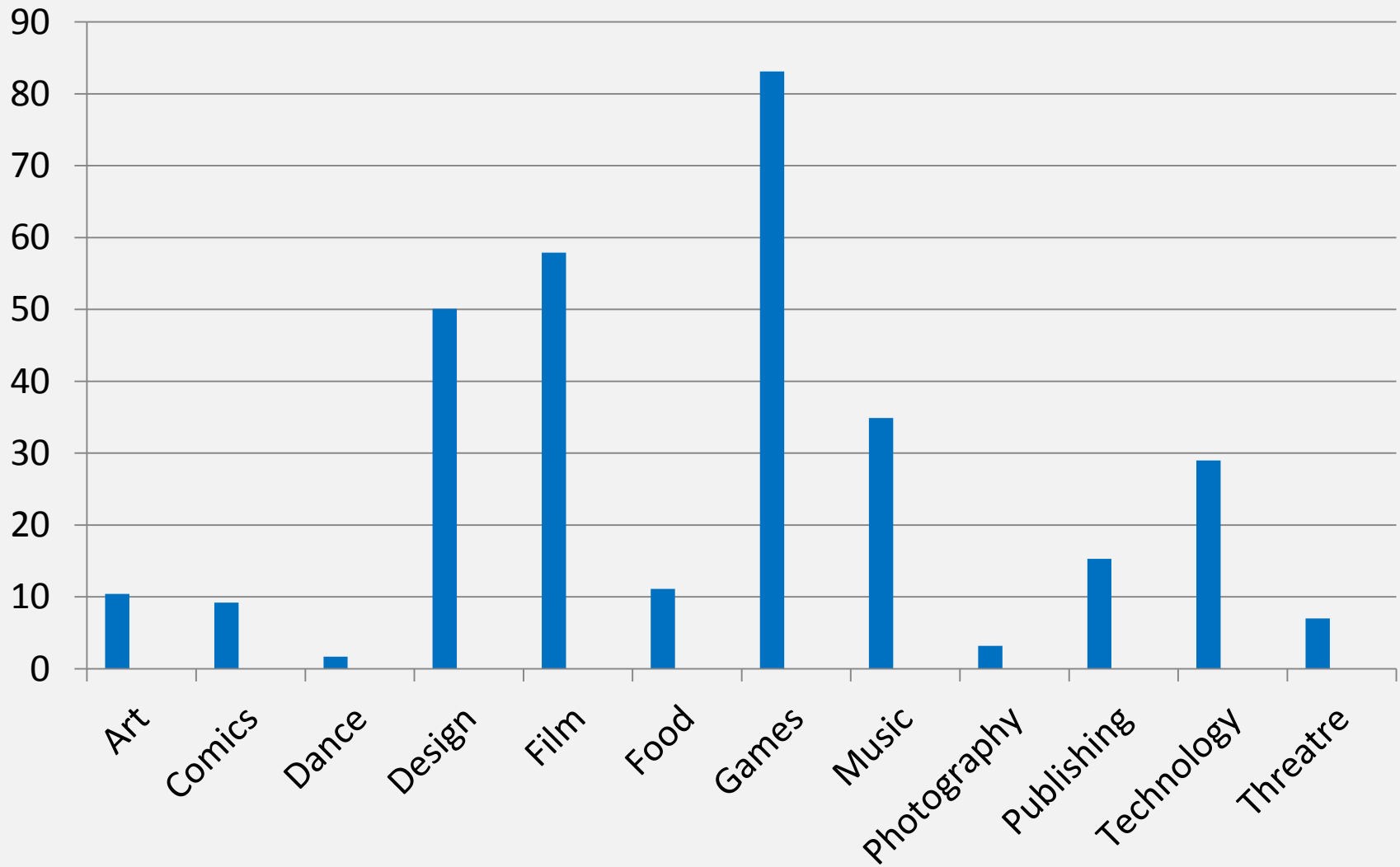
How does Kickstarter work?

- A creative person or persons has an idea for a creative project.
- They design a campaign to appeal to the crowd of enthusiasts.
- They approach Kickstarter for approval. It must be a creative project.
- They launch their campaign on Kickstarter's web site.
- They use the website and viral marketing (word of mouth person to person marketing) to publicize their campaign.
- If they attract enough of the crowd to promise funding and meet their funding goal they can proceed to the implementation phase.
 - The funders do not invest in the companies/organizations. They simply pledge funds and may receive something in return –but not an investment in the company.
- If the crowd does NOT pledge sufficient funds to meet the goal, then they receive none of the funding.
- If funded they then put their plan into operation.

Categories that they fund:

- Art
- Comics
- Crafts
- Dance
- Design
- Fashion
- Film & Video
- Food
- Games
- Journalism
- Music
- Photography
- Publishing
- Technology
- Theater

Kickstarter: Funding by category (\$ Millions)



Results from 2013 (kickstarter.com)

- Three million people made pledges.
 - The campaign only receives the funding if the full funding goal is reached.
 - It is all or nothing, but campaign may receive MORE than they requested.
- Pledges totaled \$480 million
 - \$1.3 million per day
 - \$913 per minute
- People from 214 countries on all seven continents participated.
- Over 807,733 people supported more than one project.
 - 81,090 backed ten or more
 - 975 people backed ten or more!
- There were 19,911 projects that received full (or more) funding.

Some Noteworthy Projects

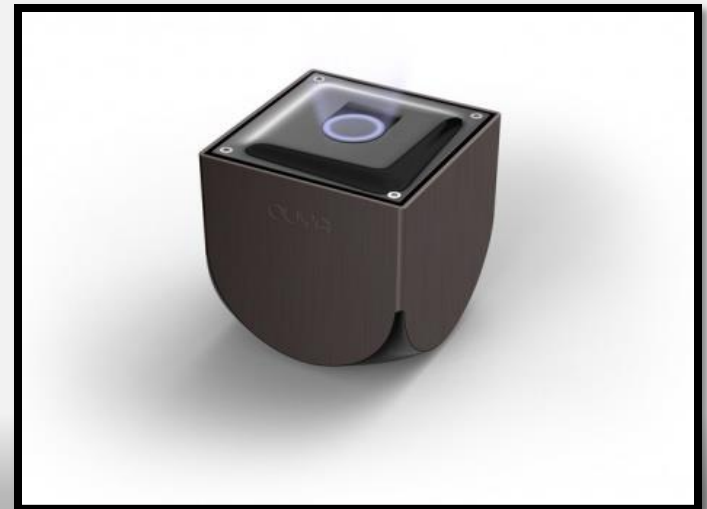
Pebble Watch

Pledged:
\$10,266,845
Funded: 10,266%



Ouya

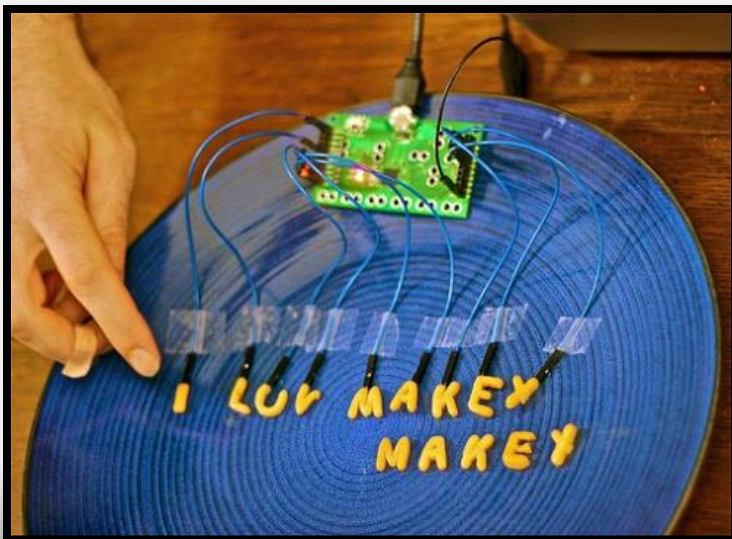
Pledged: \$8,596,474
Funded: 904%



Noteworthy Projects

Makey-Makey

Pledged: \$568,106
Funded: 2,272%



Remiee

Pledged: \$572,891
Funded: 1,636%



What's next for Kickstarter?

- Expanding to more of a global presence
- Increasing service
- Becoming available in more languages
- Improving their customer service.

Discussion Questions

- Do you think Kickstarter is a viable alternative to raising equity funding or debt financing? If so, under what circumstances?
- Kickstarter is not the first crowd funding platform, yet it is the most successful. List five reasons that you believe account for Kickstarter's success.
- The city of Portland, Oregon , recently set up an official curate page at Kickstarter.com. Is this a model for other cities to follow? Is it a potentially effective way for cities to promote arts and entrepreneurship? How should cities promote their Kickstarter pages?
- To what degree do you believe Kickstarter itself is a successful start-up?