Report

Study of Kickstarter Crowd-Funding Data

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Questions:

1. What are three conclusions we can make about Kickstarter campaigns given the provided data?
2. What are some of the limitations of this dataset?
3. What are some other possible tables/graphs that we could create?

Conclusions:

1. Over half of all projects analyzed met the criterion as “successful” (53%) compared to “failed” (37%), which may suggest that kickstarter is a viable way to raise capital and may be a viable venue for investors. In general, film & video, music, and theater projects were most often successful in raising funds while food projects in particular seemed to suffer high rates of failure. I would recommend any client (who seeks to raise capital or to invest) to perhaps approach these latter projects with a high degree of caution.
2. Kickstarter may be a viable way to raise small capital—start-up capital. Projects that sought to raise over $50,000 (and even those in the $45-50K range) suffered higher rates of failure when compared to projects seeking less than those dollar ranges. There may be better venues for raising large capital.
3. Kickstarter as an organization seems to attract or target US-based projects. Of the 4118 projects in the database, roughly three-quarters were US-based projects. An additional 20 percent of the projects originated in other English-speaking countries such as Great Britain, Canada, and Australia. Kickstarter, as a company, may consider broadening its marketing to non-English-speaking countries in considering future expansion plans.

Limitations:

1. It should be noted that, albeit well-known and highly respected, Kickstarter may not represent the crowd sourcing movement or small venture capital industry in general. So above conclusions, apply only to Kickstarter for the sample and sample dates used. Future analyses might focus on comparisons of Kickstarter to other venues or time series analyses.
2. Second, this study has not controlled for a number of environmental and organizational variables. Changes in the macro-economy, such as interest rates, during the study period may affect the probability of project success or failure. It is noted that the date that many of these projects were created stretches back as far as 2010 with few projects represented in more recent years. Future research should consider controlling for investment climate (both time and location bound) in order to obtain a more accurate picture. A control based on stock market data might be created. Furthermore, there a host of other variables associated with the projects themselves that may be responsible for success or failure in raising capital that have not been controlled for. More multivariate, “causal” analyses should be considered.
3. Third, it may be helpful to obtain better measures of project success or failure. Extant data can tell us little about whether these projects were successful, as business ventures, once they had raised the capital sought. Longitudinal data reflecting the business success of these projects would broaden and deepen the analysis of whether, having raised the capital, these projects went on to make money for their investors.

Future Tables and Charts:

1. Had I had more time on this project, given the high rates of success and failure within project “category,” I believe more tables and charts of sub-category within (relatively) successful and unsuccessful categories would provide greater insights. This might provide insight into what is related or covaries with category differences.
2. Also, I would like to do more analysis of success based on number of backers to examine something similar to the Yelp example demonstrated in class (Mexican vs Italian), where numbers of reviews seemed to hold a lot of weight. For example, are successful projects ones that attract large numbers of backers each contributing “smaller” amounts or fewer investors willing to risk bigger sums of money?
3. I did some basic tables (sheet = James workspaces) that looked at the original category and subcategory variable to see the full variance of the projects as well as basic descriptors of country x state and category x state.
4. Finally, and related to limitations, is there any way to examine what kind of organizations were seeking funding through Kickstarter and does that affect outcomes in anyway. For example, could data be obtained about who the entity was that was seeking backing and does that correlate to success? Are many performers involved in the 4000+ projects or do certain individuals or entities seem to turn up multiple times? If there are many repeat performers seeking capital, a chart that examines repeat performer vs one-time performer and success (state) might be illuminating.
5. In terms of graphs, had I had more time, I would have liked to play with the graphs capability of Excel and see different ways to represent the data which I normally don’t use. For example, Dom showed a heat diagram in class, maybe a heat diagram showing category and subcategory x state (success, failure, canceled, live)?