

Using Crowdfunding Data to Find Ideal Streaming Candidates

By Judy Chung

The Problem

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Modern streaming services have a content problem.

- Services like Netflix must consistently acquire new content to keep users engaged
- Each acquisition is an expensive gamble, leading to large cash burn [1]
- In an increasingly competitive market, streaming services must focus on lowering acquisition costs

Crowdfunding as an Acquisition Channel

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Crowdfunding services offer one potential solution.

- Platforms like Kickstarter offer an opportunity to **discover new projects** before they hit the festival circuit
- Discovering films early would allow streamers to **pre-empt the bidding wars** that often drive up acquisition prices

Data sources

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1. **Kicktraq:** Tracks Kickstarter projects

- a. Last four months
- b. <https://www.kicktraq.com/archive/>

2. **Kaggle:**

- a. 2009–2018
- b. <https://www.kaggle.com/kemical/kickstarter-projects/>

Questions

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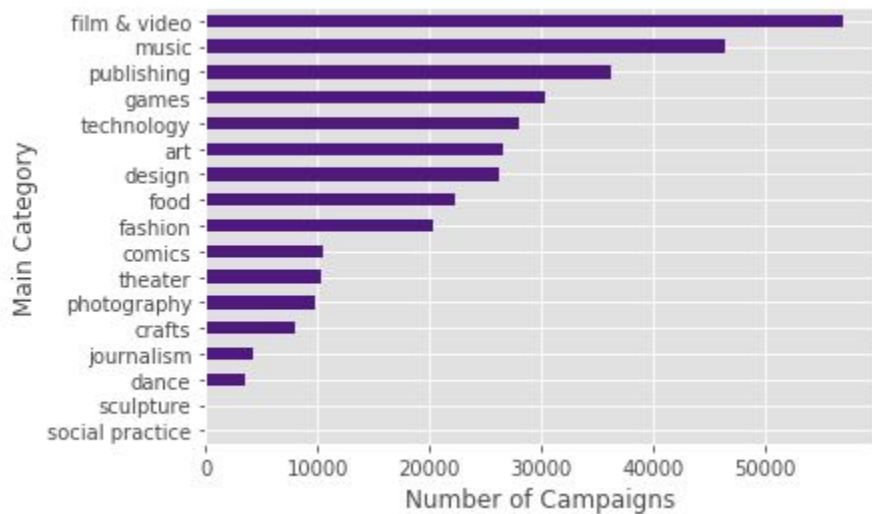
1. Why Should We Be Interested in Kickstarter Data?
2. Which Film Genres Are the Most Popular?
3. Which Film Genres Have the Most Backers?
4. Can We Identify & Prove Out “Ideal” Acquisition Candidates?

Questions

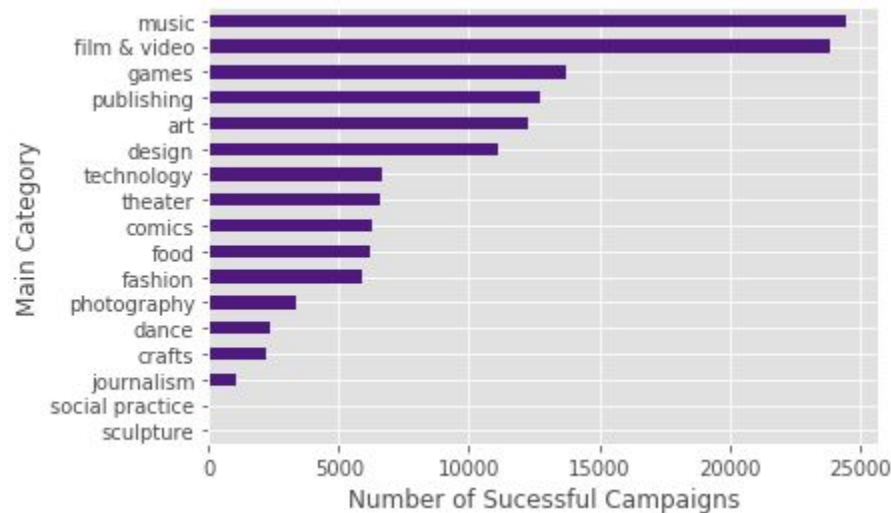
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Why Kickstarter



Film is the most prevalent category
on Kickstarter...



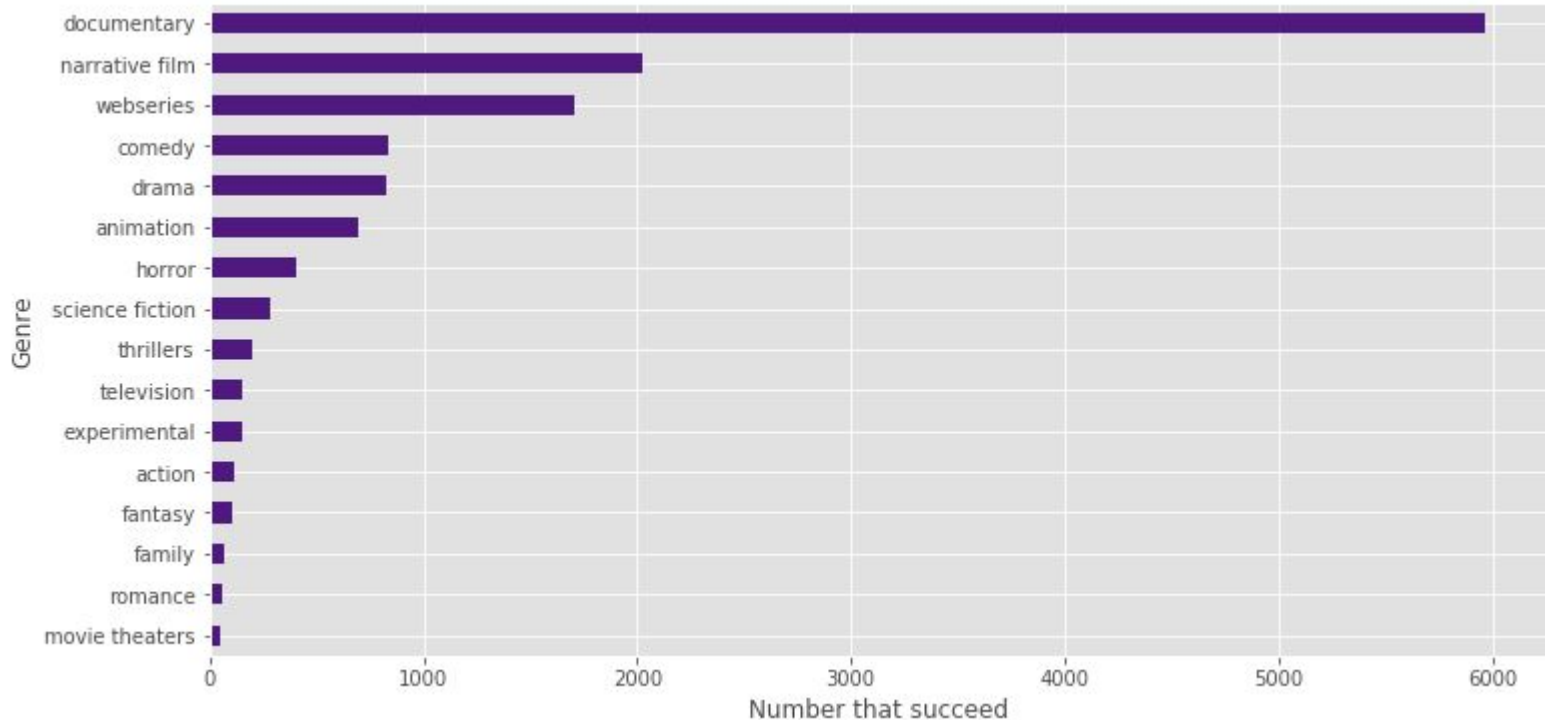
...And has the second-highest
campaign success rate

Questions

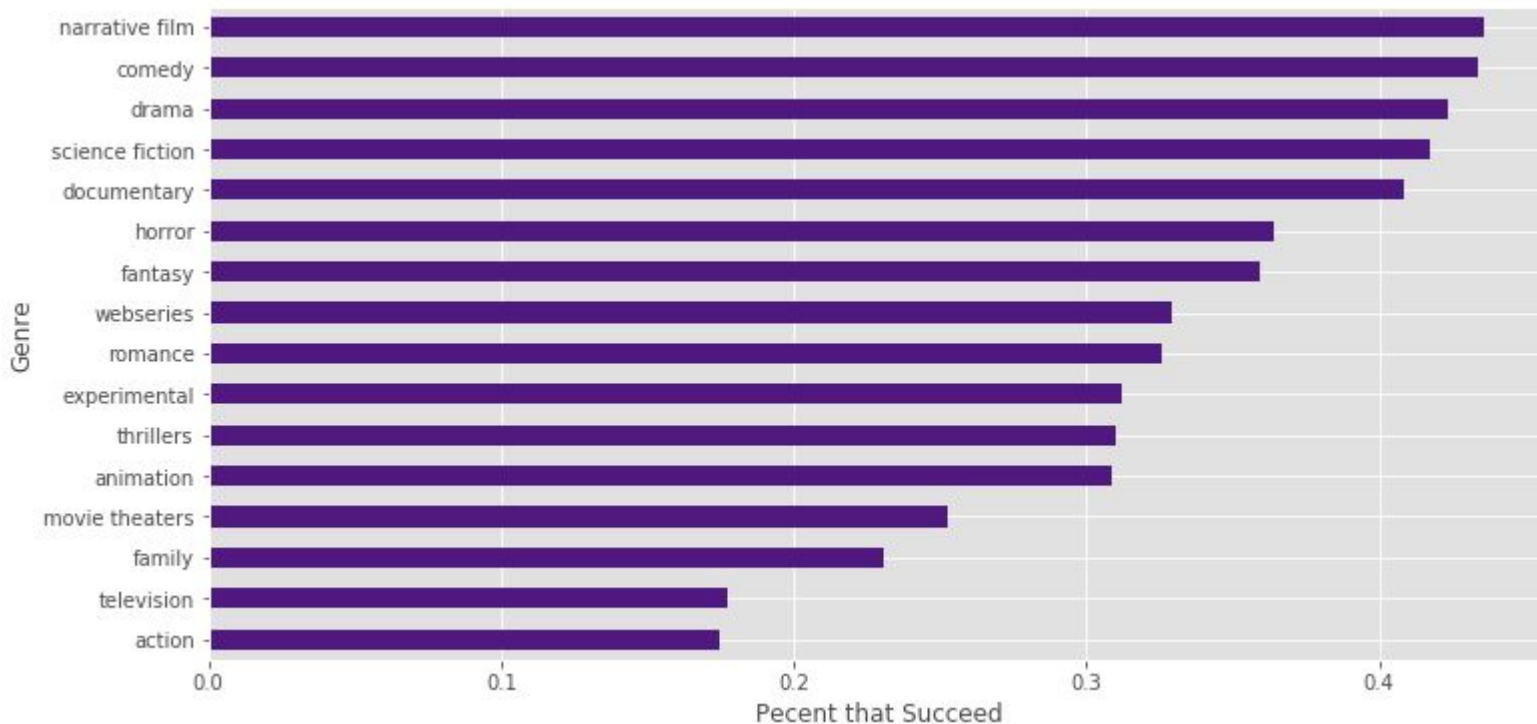
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Which Genres Are Most Popular?



Which Genres Are Most Consistently Funded?



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Why Is Backer Total More Important Than Funding Total?

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Netflix measures a film's success as its **viewership relative to its acquisition cost**.

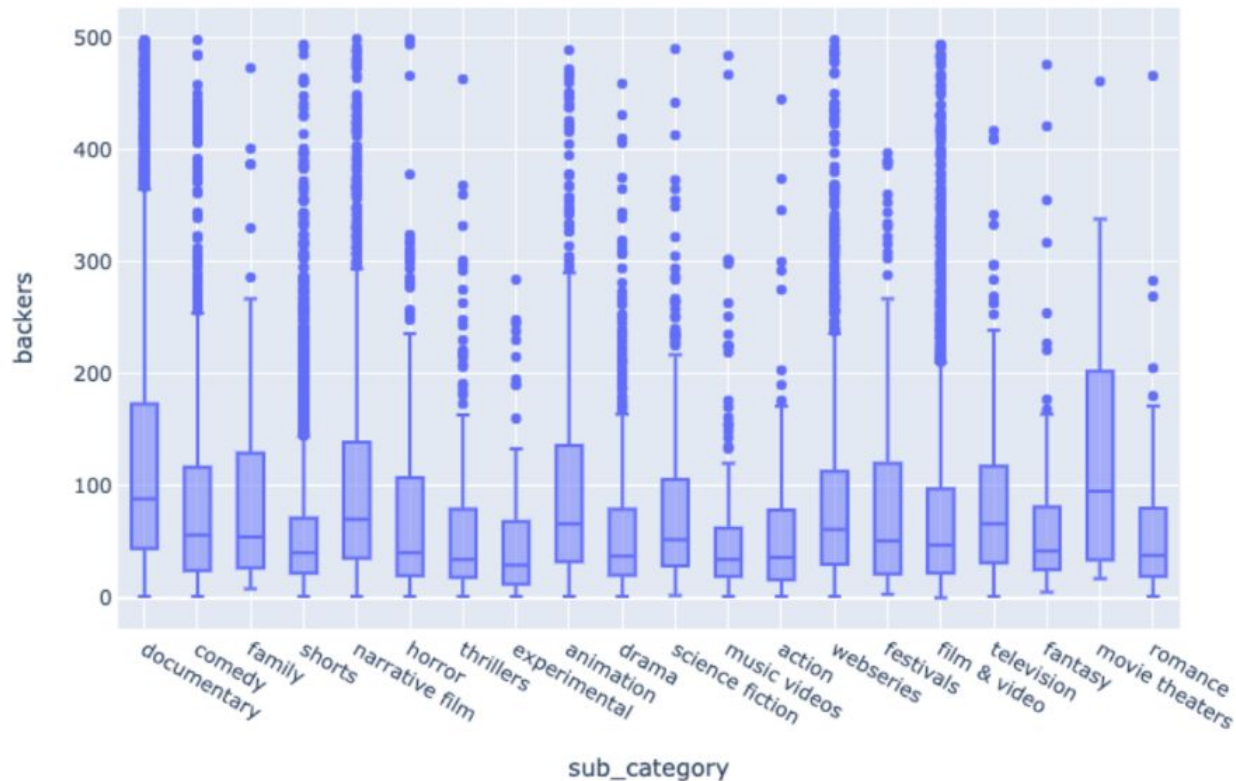
We will use Backer totals to approximate level of public interest in a film.

"We look for those titles that deliver the biggest viewership relative to the licensing cost. This also means that we'll forgo or choose not to renew some titles that aren't watched enough relative to their cost."

"We always use our in depth knowledge [aka analytics and data] about what our members love to watch to decide what's available on Netflix....If you keep watching, we'll keep adding more of what you love."

Jenny McCabe, Director of
Global Media Relations,
Netflix [2]

Which Genres Have the Most Backers?

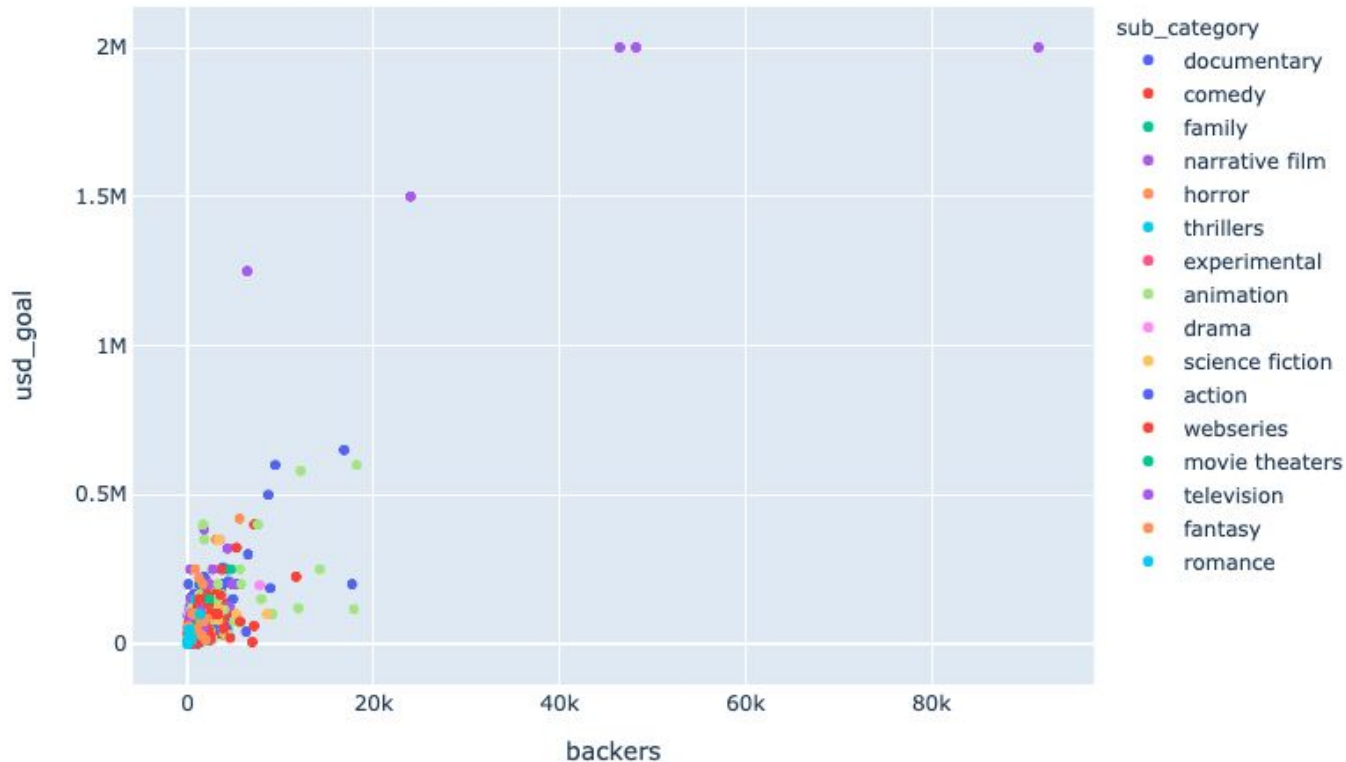


Questions

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Mapping the Number of Backers to Funding Goals



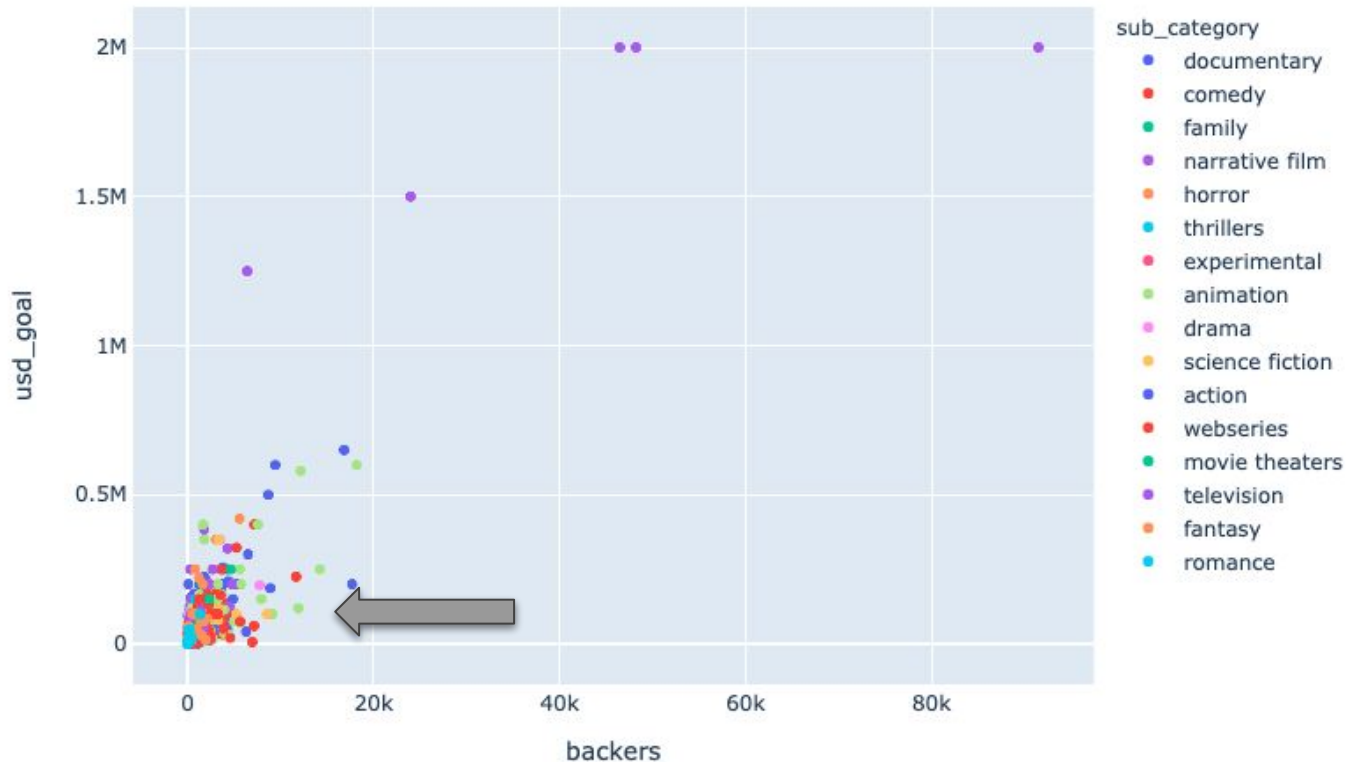
Narrowing the Scope

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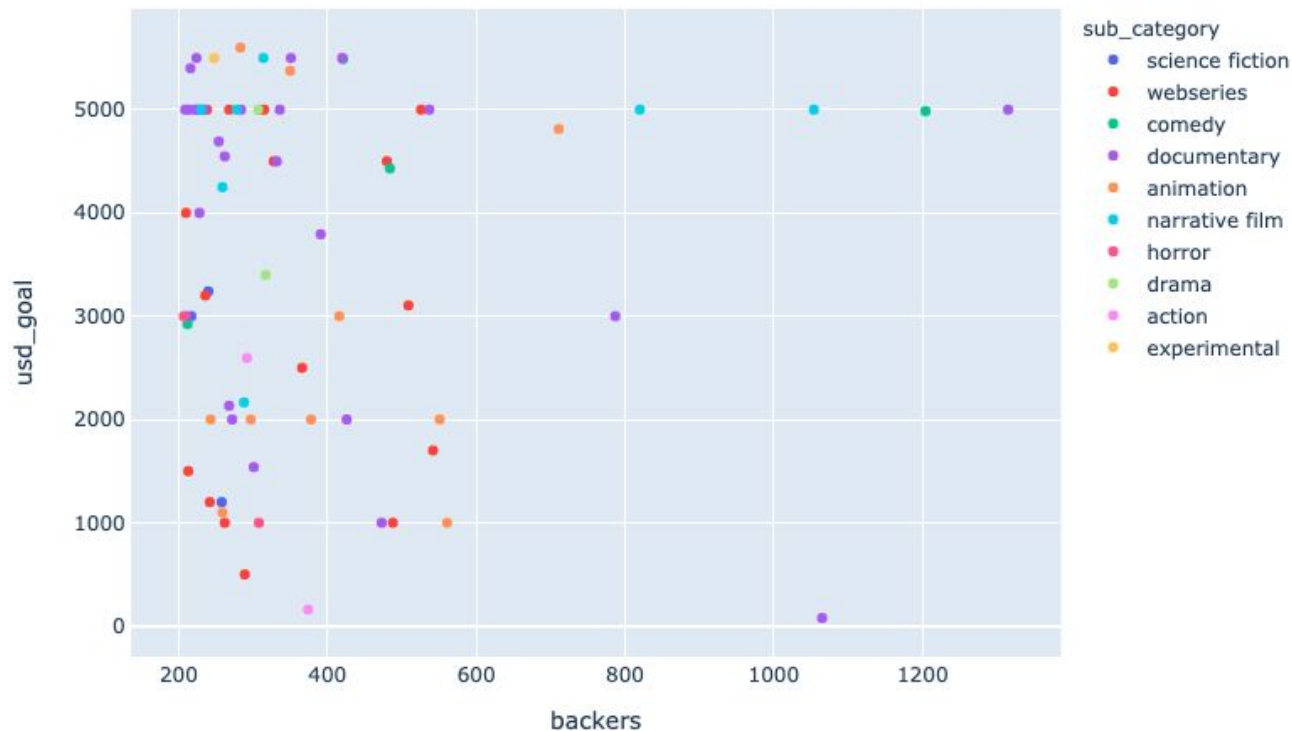
Now that we have a scatterplot of Kickstarter's funded films, we need to narrow down our search using Netflix's standards:

- High number of users have expressed interest (i.e., large number of backers)
- Competitive acquisition cost (i.e., mid-to-low, but successful, total funding)

Narrowing the Scope



Identifying Ideal Acquisition Candidates

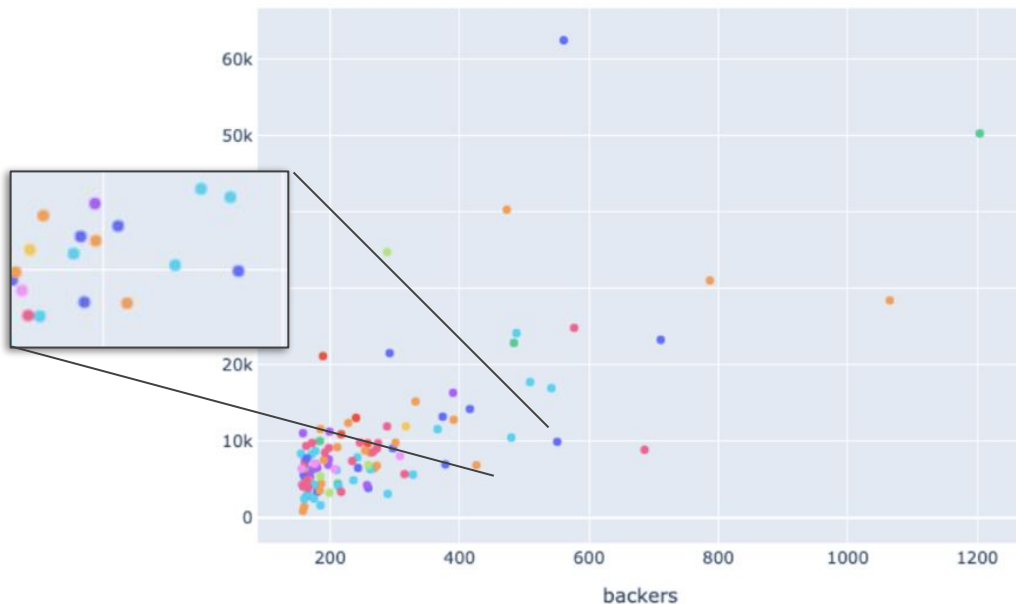


Examples of Films that Fit Our Criteria

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The 2019 documentary *Knock Down the House* falls into our sweet spot for both backers and budget.

It was **acquired by Netflix for \$10 million** **after** a fierce bidding battle [3].



Conclusions

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1. Why Should We Be Interested in Kickstarter Data?
 - a. Kickstarter is a thriving marketplace for independent film talent, and has led to high-profile acquisitions from *The Babadook* to *Knock Down the House*. By investing in Kickstarter data, streaming services can pinpoint promising content to acquire before it goes to auction at festivals
2. Which Film Genres Are the Most Popular?
 - a. Documentaries are the most popular by far
3. Which Film Genres Have the Most Backers?
 - a. There is no significant difference between genres
4. Can We Identify & Prove Out “Ideal” Acquisition Candidates?
 - a. One such candidate, *Knock Down the House*, met all of our criteria and was acquired by Netflix for \$10 million

Sources

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[1] Trefis Team Contributor. “Netflix One Question: Is It Making Money or Losing Money?” Forbes, 5/1/20,
<https://www.forbes.com/sites/greatspeculations/2020/05/01/netflix-one-question-is-it-losing-money-or-making-money/#1738cee029a6>

[2] Patel, Neil. “How Netflix Uses Analytics to Select Movies, Create Content, and Make Multimillion Dollar Decisions.” NeilPatel.com,
<https://neilpatel.com/blog/how-netflix-uses-analytics/>

[3] Sakoui, Anousha. “Ocasio-Cortez Campaign Film Draws Top Dollar From Netflix.” Bloomberg, 2/7/19,
<https://www.bloomberg.com/news/articles/2019-02-07/ocasio-cortez-campaign-film-draws-top-dollar-from-netflix>