**Kickstarter Campaigns Analysis for Period 2009-2017**

***Efforts Concentrations & Outcomes Analysis by Category, Sub-Category, and Goals***

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**Conclusions – Three (or more) Regarding Kickstarter Campaigns**

* **Overall Success Rate:** Across all categories, Kickstarter campaigns are successful just over half of the time (53%). For comparison purposes, compare the odds of raising money through Kickstarter with that of receiving an equity investment by a venture capital firm at just 0.7%.
* **Success Rate by Category:** There are several Category Take-Aways regarding Kickstarter:
  + The uber-category **Entertainment** (Theater 34%, Music 17%, Film & Video 13%, Games 5%) accounted for more than 2/3 of all Kickstarter capital raise efforts (69%) and were successful a good deal more than half of the time, with Theater 60% successful, Music successful a whopping 77% of the time, and Film & Video 58% successful. Only Games fell short at a still respectable 36%.
  + Publishing and Photography accounted for 5% and 6% of all Kickstarter campaigns and were successful 47% and 34%, respectively.
  + Notably, Food accounted for 5% of Kickstarter campaigns but was successful only 17% of the time.
  + Not surprisingly, Journalism accounted for 1% of Kickstarter campaigns, and was a thoroughgoing hole in the ground with 0% success. It clearly reflects the dreadful state and virtual collapse of that market, the disaggregation of and siphoning off of advertising revenue from content revenue. Previously advertising revenue sustained the industry. Social media (uncurated content), alternative content (e.g., blogs), and the difficulty of securing proprietary content and managing to get consumers to pay for content have crushed the industry. This has hamstrung efforts to establish new journalism entities and has even undermined truly innovative ventures in journalism that might have breathed life into the industry.
  + Somewhat surprising is that technology companies, often the darlings of traditional venture capital, account for only 15% of all Kickstarter capital raise campaigns. Nonetheless, technology organizations undertaking Kickstarter campaigns were 35% successful.
  + Given that tech companies shy away from Kickstarter, it is perhaps also not surprising that healthcare and biotech start-ups don’t even register on Kickstarter. One surmises that the level of sophistication to make a well-informed bet on a technology or biotech firm is just now found in the kind of investor base attracted to Kickstarter. An organization presumably needs to be pretty desperate to take on many unsophisticated investors (in the US, due to government regulations) and the fiduciary reporting responsibilities for such a relatively small amount of capital. This is confirmed by the following:
    - The average and median capital sought were nearly $72,000 and exactly $5,000, respectively.
    - The average and median capital pledged were just over $11,000 and just north of $1,500, respectively.
    - The average and median “donations” were $80 and just over $50, respectively.
    - The average duration of a Kickerstarter campaign runs about 1 month (max at 3 months). That is incredibly short in comparison with venture capital processes.
* The biggest Sub-Category Take-Aways regarding Kickstarter:
  + The Plays sub-category just jumped off the graph, reflecting a huge number of successful capital campaigns.
* Surprisingly, the month on which a Kickstarter capital campaign is commenced affects its odds of successfully closing.
  + It seems the first half of the calendar year is more likely to result in a successful closing, while the opposite is more likely for the second half of the calendar year.
  + May, June, and February are the top 3 months. December and September are the worst months.
* IT WOULD BE GOOD TO KNOW WHAT THE AVERAGE SIZE FUNDS SOUGHT IS BY CATEGORY.

**Evident & Presumed Limitations of The Dataset**

* **Definitional Limitations:** We presume that the terminology used to characterize Kickstarter campaigns is as follows:
  + Canceled likely means that the organization seeking to raise funds terminated their capital raise efforts through Kickstarter. This could be that they were able to source funds elsewhere. It could be that the organization determined that the capital raise effort was premature or ill-timed. And/or it could be that the organization curtailed the effort due to poor levels of interest prior to running the full capital raise process to ground.
  + Failed likely means that the organization or proto-organization hoping to raise capital ran a full process but failed to circle sufficient funds either to justify beginning business operations or continuing in business. This minimum amount could be the full amount sought (“goal”), or it could be something less than that which is sought. This, however, does not rule out the potential that the organization seeking funds was successful raising capital through other means (competitors to Kickstarter, founders capital, angels or angel groups, early stage institutional venture capital – although there are usually contractual tails in Kickstarter engagement contracts) .
  + Some desperate organizations sometimes will accept less than the full, true amount they seek in the hope that they can return to the trough if they hit some minimum milestones with whatever capital they are able to raise. How this type capital raise situation is classified is not clear.
  + Live could mean that an organization’s capital raise process is not discrete but rather is continuous. It could also include a capital raise process that is still underway at the time the period under examination concludes. The point is that Live could include organizations that may have already circled and raised funds but have yet to close capital raise process, or it could include organizations that have closed nothing to date, or it could include both.
  + Successful almost assuredly means that the organization has successfully raised capital through Kickstarter. However, this says nothing about the future success of the organization raising the funds, or even its immediate future survival.
* **Many Factors Affecting Capital Raise Success Not Tracked:** At the end of the day, this kind of data doesn’t truly capture the underlying causes for success, failure, or termination of any particular capital raise. Factors that affect attraction of opportunity:
  + Market Sector / Subsector / Product / Service
    - Size of the market / company opportunity
    - Probable rate of adoption (ease to adopt, purchasing cycle, budgets available)
    - Value function - how it affects economics of adopting individual or company
    - How well does it serve a latent market need
    - Market maturity affects capital used for missionary marketing
    - Window of opportunity period / other risk factors (threats)
    - Proximity to potential for explosive market growth
    - Uniqueness / first mover advantage / fungible substitutes
    - Barriers to entry (e.g., intellectual property) working in favor and against,
  + People / Plan
    - Business plan complexity / bottlenecks
    - Market threats / company threats
    - experience of management team and other key personnel, management team chemistry, company culture
  + Capital markets environment, both macro and micro
    - Projected / imputed risk-adjusted rate of return on investment
    - Cash flow projections and potential to run dry
    - Money availability / cost of capital
    - Risk-adjusted returns on investment in other sectors and sub-sectors
    - Risk-adjusted returns on investment in other classes of investment -- common vs. preferred equity, vs. other forms of debt (e.g, notes, bonds, bank lines)
    - Degree of sophistication and comfort with sector, subsector, and company on part of investor population
    - Degree to which Kickstarter aggregates sufficient population of investors with sophistication and sector comfort

**Reasonable Inferences Despite Data Limitations**

* The small size of average individual investments on Kickstarter is likely treated as less serious and correspondingly more disposable and consequently less difficult to raise.
* The relatively small size of capital both sought and raised on Kickstarter could certainly affect the attractiveness of Kickstarter. Organizations that can get off the ground and succeed with less funding generally make good for Kickstarter while the opposite is true for organizations needing considerably greater funding.
* The median and average period to raise funding is captured in the data. In reality, this short period is remarkable and has established Kickstarter as a tremendous player in a segment of the financial markets that previously had been poorly addressed.
  + However, this advantage relative to similar capital sourcing services and relative to alternative capital markets sectors is obviously *not captured in this particular data set*, which focuses exclusively on Kickstarter.

**Suggested Other Possible Useful Tables and/or Graphs Not Created in This Analysis**

* Capital raised by category
* Capital raised by sub-category
* Capital raised by geography
* Capital raised by month
* Capital raised by year
* Status by year