Maximizing Pledges for Kickstarter Projects Through Goal Setting

KICKSTARTER

Overview::

- Kickstarter overview

Mobile: A better way to mount your phone.

PALEO PALS®
by Chenoa Ellinghaus

astonishing ancient animals

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HELM GREYCASTLE #1

KICKSTARTER

Overview::

- Kickstarter overview

- Goal is one of many factors set by project creator
  - Common general recommendation to only set at minimum required amount

- **The aim of project creators to maximize financial support**

Overview::

Is the conventional wisdom true?

OR

Could increasing your goal amount lead to more money?

Purpose:
Determine if there's a significant difference in success for similar projects by higher and lower goal amounts

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https://www.kickstarter.com/help/brand_ass

Analyzing purpose::

Success metric $\rightarrow$ $$\frac{\text{Total } \mathbf{pledge} \text{ amount (USD)}}{\text{Initial } \mathbf{goal} \text{ (USD)}}$$

On average, as goal amount *increases*, this metric *decreases*

Analyzing purpose::

H0: The differences in the *success metric* between higher and lower tiers of similar project, by goal, are **equal**

It could be beneficial to increase goal to get a higher pledge amount, on average

Analyzing purpose::

H1: The differences in the *success metric* between higher and lower tiers of similar projects, by goal, are **not equal**

There's a proven disadvantage to increasing goal amount

Dataset::

62308 rows x 14 columns

By Kaggle user Mickael Mouille, found

here

Dataset::

Data considered:
- **Category**

- Length of project

- Status of project

- Year (2016 -2017)

- Project goal

- Amount pledged

-

Data ignored:
- Country of origin

- Currency of origin

- Project dates

- Project subcategory

Data missing:
- Backer rewards

- Popularity of project creator

- Advertising

Dataset: Implications

- Testing won't take into account impactful aspects of project success, like:
  - Time of year project occurs
  - Rewards offered to entice backers
  - Visibility of project

} Good considerations for future research!

Dataset:: Category success
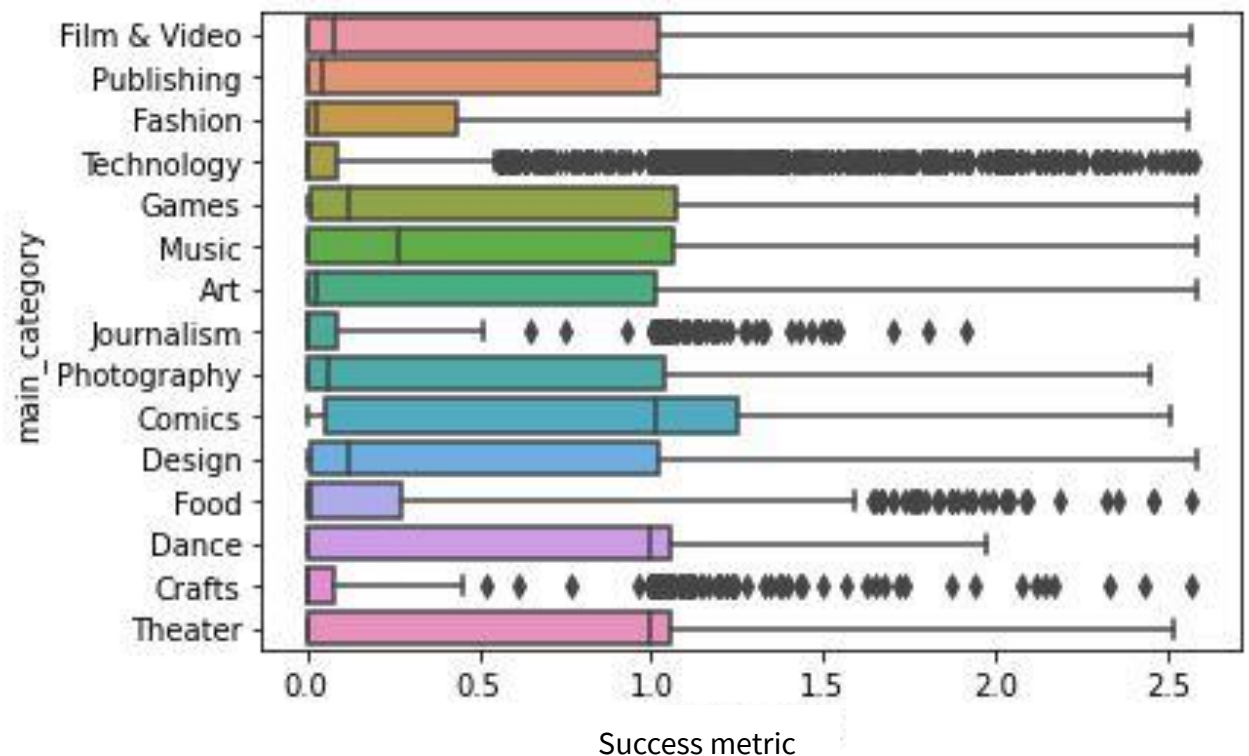
- Distribution of the success metric varies by category

- Most projects have a success metric **lower than 1**, indicating most projects fail

Dataset:: Overall

Distribution of goals overall (0-75%)
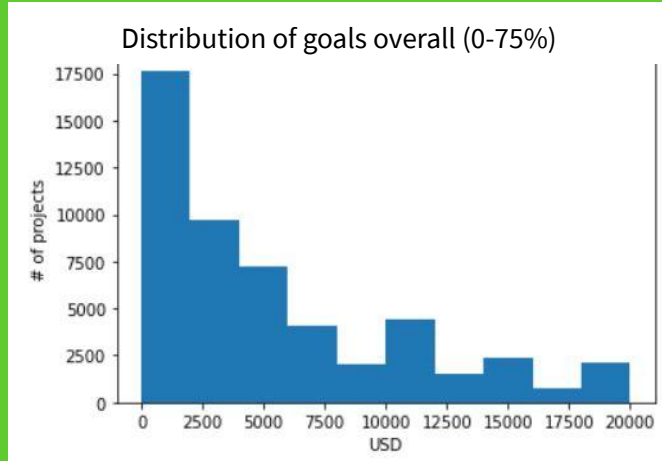
← There's a high concentration of projects **less than $100k**, with a steady decline as they get more expensive

Range of pledges overall (0-75%)

Distribution of pledges overall (0-75%)
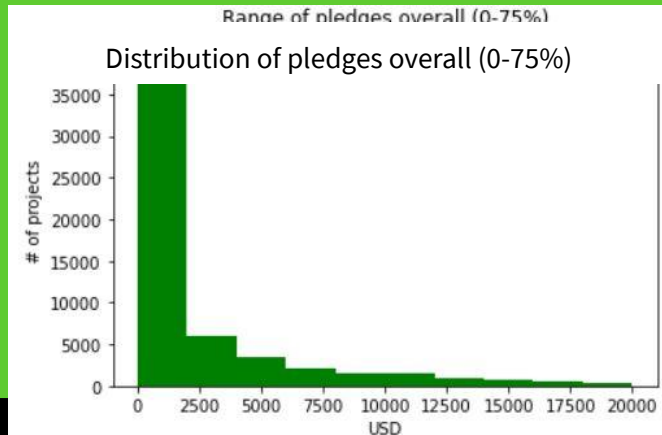
← There's a high concentration of projects that are supported **up to $2500**, with a steady decline as they get more expensive

Analysis:: Nine tier testing

Analysis:: Nine tier testing: overview

- Divide each category by *goal* into nine equal sized tiers

- Determine significant difference within a tier by dividing data into 'low' or 'high'
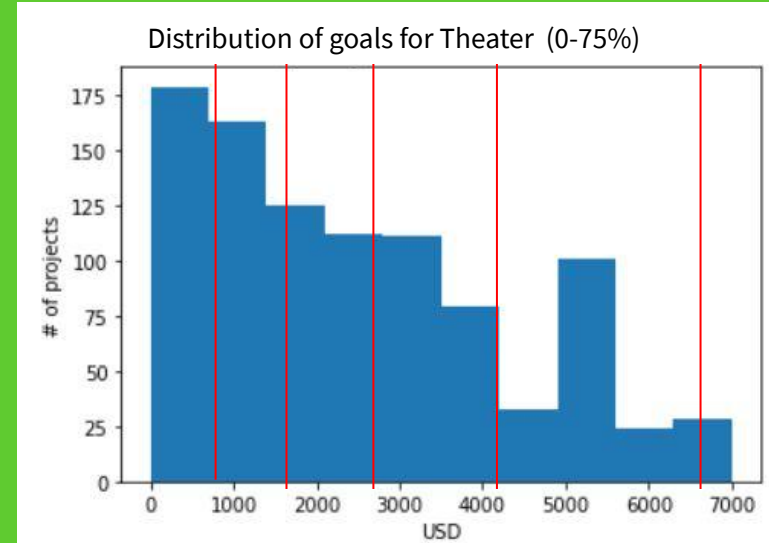
Distribution of goals for Theater (0-75%)

Analysis:: Nine tier testing: overview

Film & Video

Analysis:: Nine tier testing: unedited heatmap

Heatmap of Success Metric significance
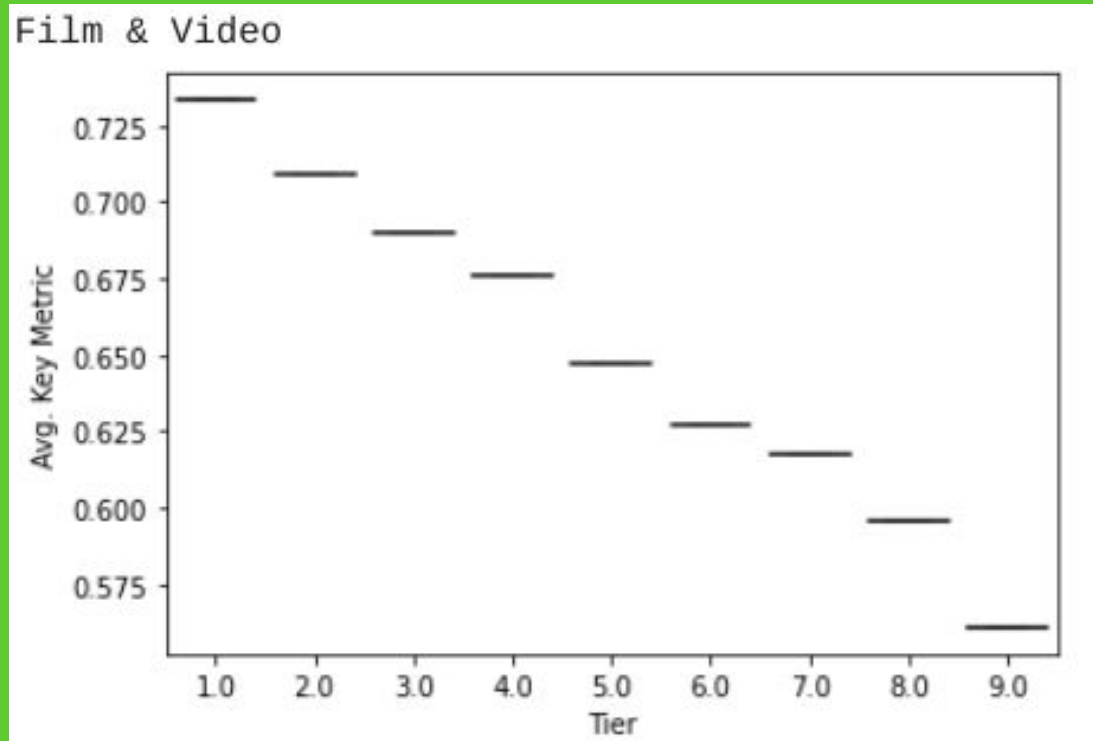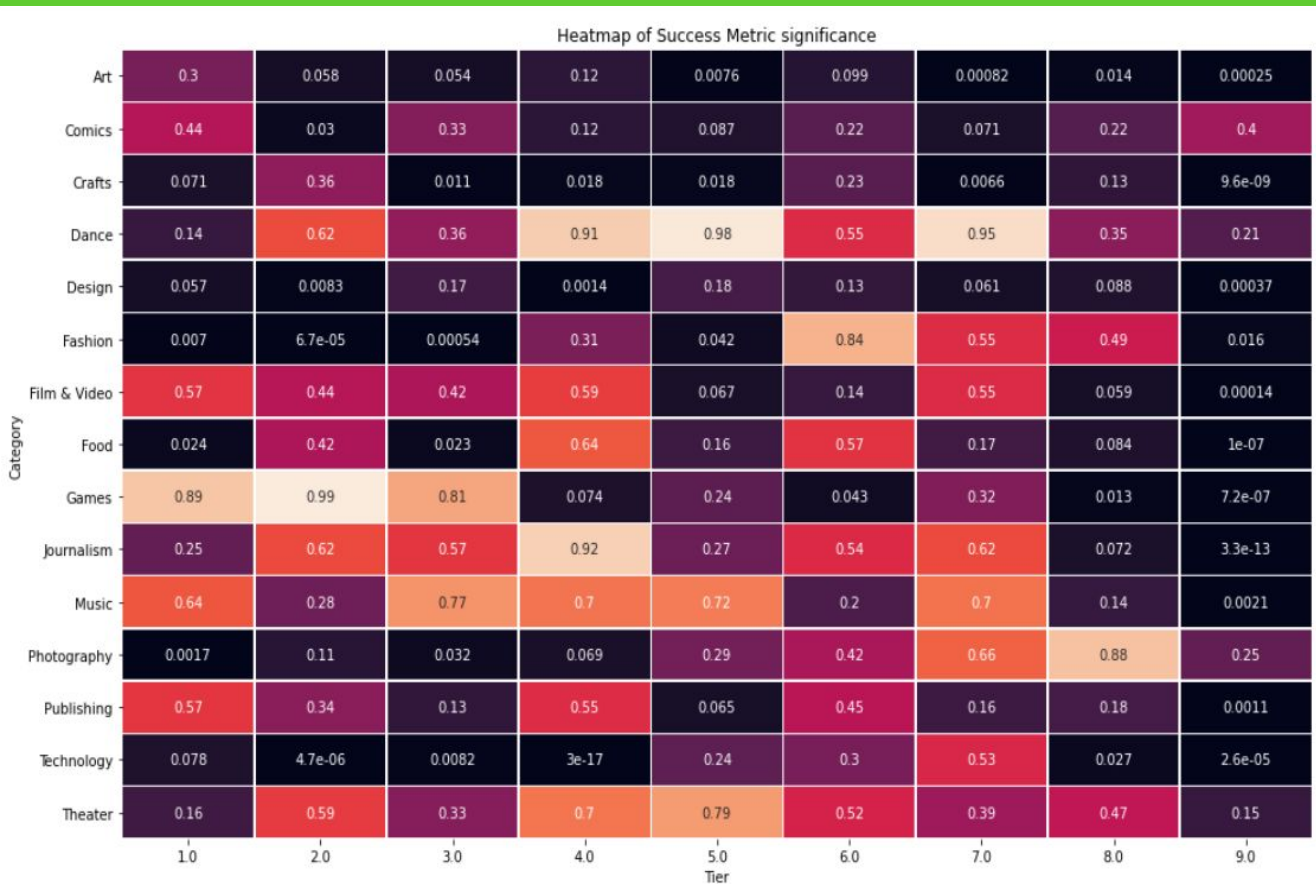
Category	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0
Art	0.3	0.058	0.054	0.12	0.0076	0.099	0.00082	0.014	0.00025
Comics	0.44	0.03	0.33	0.12	0.087	0.22	0.071	0.22	0.4
Crafts	0.071	0.36	0.011	0.018	0.018	0.23	0.0066	0.13	9.6e-09
Dance	0.14	0.62	0.36	0.91	0.98	0.55	0.95	0.35	0.21
Design	0.057	0.0083	0.17	0.0014	0.18	0.13	0.061	0.088	0.00037
Fashion	0.007	6.7e-05	0.00054	0.31	0.042	0.84	0.55	0.49	0.016
Film & Video	0.57	0.44	0.42	0.59	0.067	0.14	0.55	0.059	0.00014
Food	0.024	0.42	0.023	0.64	0.16	0.57	0.17	0.084	1e-07
Games	0.89	0.99	0.81	0.074	0.24	0.043	0.32	0.013	7.2e-07
Journalism	0.25	0.62	0.57	0.92	0.27	0.54	0.62	0.072	3.3e-13
Music	0.64	0.28	0.77	0.7	0.72	0.2	0.7	0.14	0.0021
Photography	0.0017	0.11	0.032	0.069	0.29	0.42	0.66	0.88	0.25
Publishing	0.57	0.34	0.13	0.55	0.065	0.45	0.16	0.18	0.0011
Technology	0.078	4.7e-06	0.0082	3e-17	0.24	0.3	0.53	0.027	2.6e-05
Theater	0.16	0.59	0.33	0.7	0.79	0.52	0.39	0.47	0.15

Tier

- All non-black values indicate no significant difference in means within that tier

Analysis:: Nine tier testing: heatmap

Heatmap of Success Metric significance

Category	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0
Art					0.0076		0.00082	0.014	0.00025
Comics		0.03							
Crafts		0.011	0.018	0.018			0.0066		9.6e-09
Dance									
Design		0.0083		0.0014					0.00037
Fashion	0.007	6.7e-05	0.00054		0.042				0.016
Film & Video									0.00014
Food	0.024		0.023						1e-07
Games						0.043		0.013	7.2e-07
Journalism									3.3e-13
Music									0.0021
Photography	0.0017		0.032						
Publishing									0.0011
Technology		4.7e-06	0.0082	3e-17				0.027	2.6e-05
Theater									

Tier

- There are predominately non-significant differences in means

Analysis:: Quick summary facts

<u>Tier 6</u> 🚫

For Crafts,

Low goal = $2300

High goal= $3500

}

Up to $2200 in
potential extra funds
($150 on average)

Analysis:: Quick summary facts

<u>Tier 6</u> 🚫

For Film & Video,

Low goal = $5000

High goal = $11,600

}

Up to $6600 in potential extra funds

($750 on average)

Analysis:: Quick summary facts

Tier 6 ✅

For Games,

Low goal = $6000

High goal = $12,000

}

Disadvantage in increasing goal, stick with minimum

Analysis:: Nine tier testing: results

- <u>There's nuance in success metric differences</u>

  - We can't conclude that a higher goal *doesn't* lead to less success, on average

It's all dependent on category and goal tier

Analysis:: Nine tier testing: results

- <u>Similar categories have similar results</u>

  - Live performance categories (Dance & Theater) have no significance between tiers

  - Art and communication categories (Film & Video, Journalism, Music, and Publishing) all were significant except for their most expensive projects

Backer behavior isn't only reliant on cost of a project, but the project itself

Analysis:: Nine tier testing: results

- <u>The benefit in increasing goal must be weighed against having a successful project</u>

- For example, in Tier 6, Film & Video may earn extra money by increasing goal amount ($750 on average)
BUT
May lose out on any funds if project fails

Gaining $750 VS Losing out on $6000

Next steps::

- Get more recent data, accounting for coronavirus

- Factor in visibility, gifts, and dates

- Dive into subcategories

Questions?

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