

# SWOT Analysis

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## Patreon

*For the non-physical creators*

### **Strengths**

- Focused on enabling artists to get a sustainable income with a community.
- Allows creators to retain full control over their work.
- Transparent analytics for content and subscriber management.
- Option for small fees to access content with a robust community.
- Partnership with several useful organizations such as Vimeo.

### **Weaknesses**

- Limited number of categories for content creation. "Everything Else" category is limiting for creators.
- Difficult to find individual creators versus groups of content.
- Content creators must pay 5% general fee and credit card processing fees.

### **Opportunities**

- Expansion of self-publishing resources for comic artists, novelists, and writers.
- Small business coaching and short-term financing for projects.
- Assistance to artists for distributing physical goods to backers.

### **Threats**

- Adaptation of business model by Indiegogo or Kickstarter (it's happening)
- Big community members networking on an external website.
- New regulation on collection of sales tax.

## Indiegogo

*For the physical product makers*

### **Strengths**

- Flexible funding model that allows for campaign owners to keep some funds if goal is not completely met.
- It's easy to post and does not require an application process.
- Campaigns can continue to receive funding after campaign ends
- Tools available for promoting your campaign in many places beyond just social media.
- Integration with GoFundMe for charitable donations.

### **Weaknesses**

- Lower success rate for projects being funded 13%<sup>(1)</sup>
- Brand name is not as well known as Kickstarter.
- No communication platform everything is sent via email.

### **Opportunities**

- Expansion of the marketplace section (items available to purchase now) to include free shipping for those who have supported before.
- Expand ranking algorithm to include reputations over multiple platforms (YouTube, Upwork, etc.)

### **Threats**

- Being known for unsuccessful or failed campaigns.
- Fraudulent campaigns being launched for fake products (due to no application process)

## Kickstarter

*The original: For a creative mix of both*

### **Strengths**

- Kickstarter was the first and is often associated immediately with the brand.
- Highest success rate of 33.36%
- Transparent financial and success disclosure.
- "Projects Need Love" feature allows for Kickstarter experts personally curating potentially successful projects.
- Largest community of backers and campaign owners.

### **Weaknesses**

- Does not allow or partner for any charitable donations or projects without some kind of exchange at the end.
- Application process is required to launch projects.
- Application process is not completely transparent and rubrics for judging a project is not known.
- \$10,000 limit to funding a project.

### **Opportunities**

- Change the way that funding after the campaign ends to expand limit.
- Expansion to other countries and opening up of website to other languages. (Only 17 supported)

### **Threats**

- Project owners often send backers to Indiegogo after the end of the campaign to raise more funds.
- Requiring a working prototype limits significant amount of potential marketplace.

# Attributes of Patreon- Strength/Weaknesses

## Patreon

*For the non-physical creators*

Patreon is unique in its execution of how it wishes its community members and its patrons to interact with its service. Many of the attributes of Patreon's service include the ability to pay small denomination of around \$5 for access to the content of artists and designers.

This accomplishes 2 things, it allows for loyalty to the entire website by allowing users to feel as if they are invested into the content of site as a whole, and also is accessible to many people who just want to see one contributed video or artistic work. Patreon has a strength in this area because it has a solid mechanism for attracting creative users back to its website for the purchase and engagement with more content over time.

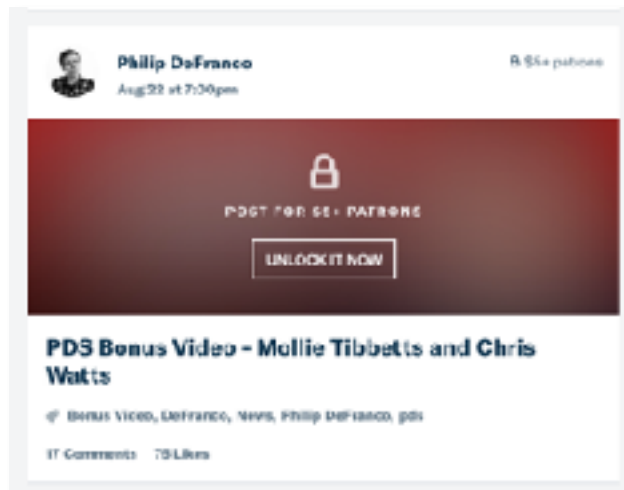
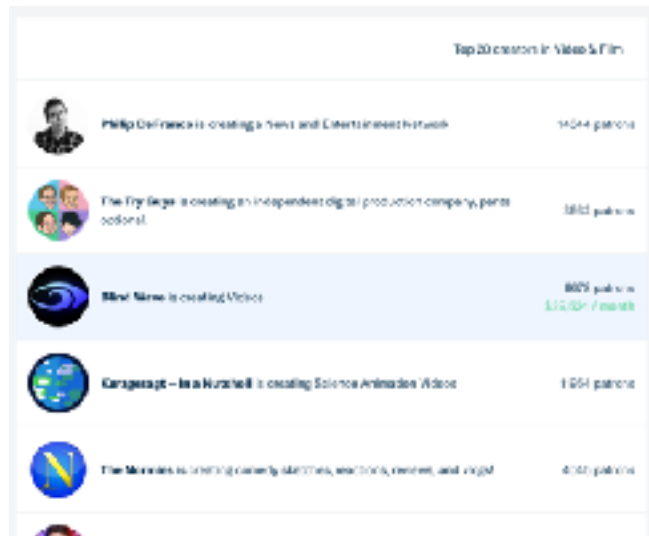
While the platform is focused primarily toward members creating and publishing artistic works, there is a significant number of educational, scientific, and instructional material focused on building skills as well.

### Why is this important?

This is important because, in the current environment of disruption, loyalty to a website because of invested content is extremely valuable for a brand.

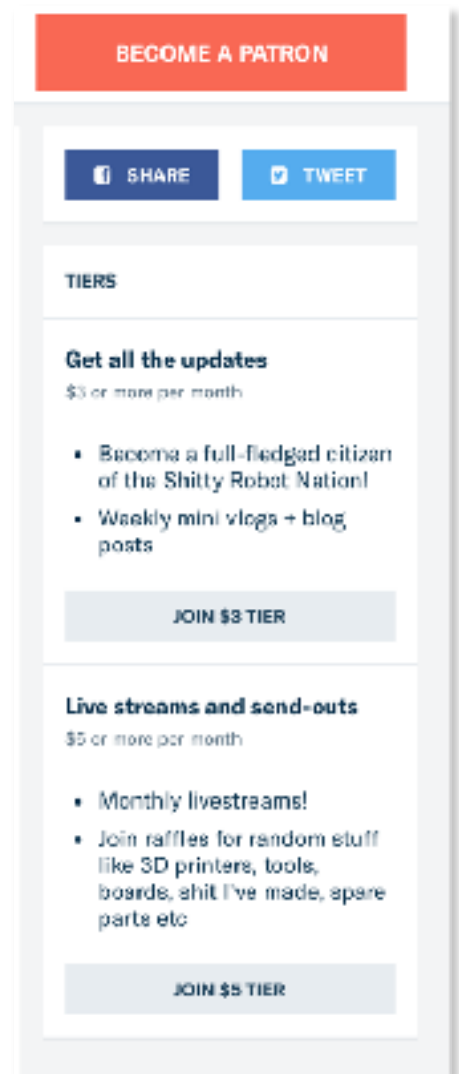
## Indiegogo

*For the physical product makers*



## Kickstarter

*The original: For a creative mix of both*



# Attributes of Indiegogo- Strength/Weaknesses

## Patreon

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**USD**

**5%**

**INDIEGOGO**

**3% + \$0.30**

**CREDIT CARD**

From a Marketplace perspective, both Indiegogo and Kickstarter are very much aligned in terms of both the consumers they sell to and the producers and creatives that they are hosting. However the clear competitive highlighted strength in the area is the funding scheme that these two organizations have.

Indiegogo attracts a great number of producers over Kickstarter based largely on the flexible funding that allows for fixed or flexible release of funds.

With the fixed option, backers receive a refund if the campaign does not meet its goal. This is the traditional method that Kickstarter employs.

However, Indiegogo allows for a flexible funding arrangement where if there is still a chance that the campaign owner can deliver on the promised product, the funds can be released regardless of the campaign reaching the goal.

### **Why is this important?**

This attribute is a business process that likely will increase the number of offerings on Indiegogo and also increase cross-selling of other products.



**Flexible Funding:**

**Keep Your Money No Matter What**

# Attributes of Kickstarter- Strength/Weaknesses

## Patreon

*For the non-physical creators*

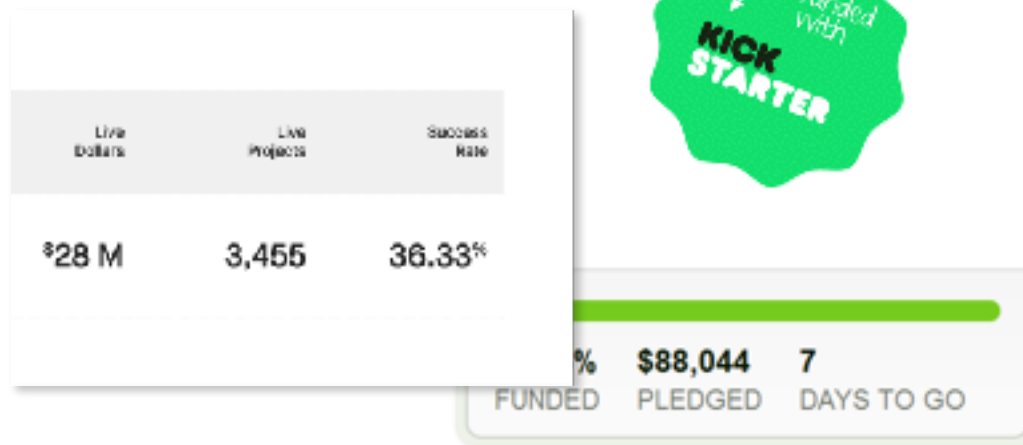
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# KICKSTARTER



Brand recognition and selectiveness are the main strengths of the Kickstarter brand. With Kickstarter, unlike Indiegogo and Patreon, an individual looking to fund an idea will need to submit a comprehensive application in order for the concept to be listed for funding. While traditionally this could be seen as a weakness, it also ensures that ideas listed on the site are more likely to be funded, and patrons supplied with the product.

Live data provided by Kickstarter shows the following attribute, a 36.33% success rate among projects submitted to the site. While it is difficult to compare the rates between Indiegogo and Patreon due to their differing funding structures, Indiegogo lands at around 13%<sup>(1)</sup> according to several sources.

### Why is this important?

A firm that has a largely fleshed out idea, concept, prototype, and can demonstrate that within an application process, has a better chance of getting funding. This means that all efforts and resources from the campaign owner side can be focused on one platform. All social media, advertising, and patron support services can be used knowing that there is a higher likelihood of success.

(1) <https://www.entrepreneur.com/article/269663> (Accessed 8/28/2018)

# Positioning - New Competitive Advantage

Patreon

*For the non-physical creators*

Indiegogo

*For the physical product makers*

Kickstarter

*The original: For a creative mix of both*

We have determined that there is a well served and competitive marketplace between both Indiegogo and Kickstarter in the physical product realm. A place a little more underserved in the marketplace are companies and individuals that have an idea for a product but need some place to gauge interest, network with professionals, and get advice on how to properly bring their idea to market. Your Company will be the place where they get support for their idea.

This option can take advantage of two of the weakness of Kickstarter's inflexible funding and the strength of Indiegogo's flexible funding model. It also incorporates the funding model of Patreon with the small denomination of funding to support videos or other media content.

Donors can offer support, not for the product itself, but for the idea behind the product. Donors can receive special mentions, discounts, or the ability to brag that they were an "Original Supporter" when it first launched on "Your Company". Your company will be positioned as the hub for the idea, where networking and initial interest generation will be built alongside a small amount of seed money.

**Your Company**

*For those with a new idea*

## Why is this important?

It is important to think of the marketplaces as not a buyer and consumer but a pool of people under a collective interest. Consumers will want to be involved with the process of producing and idea generating and many of the founders are looking for the vision that the consumers can bring. Ultimately, getting people together around an exciting idea makes that idea all that more possible.

All of these existing marketplaces are excellent for those who have an established idea with prototypes or things to show. However, it takes a team of people to make a product and maybe that whole team has not be setup yet.

Your Company would position itself to take advantage of external threat, the crowdfunding model of volatility and failure, and openly disclose to backers that they may loose their money, but their money is used to gauge interest and assist the team with constructing the product. By taking the external threat and disclosing the outcome, you both position yourself in a marketplace while also enabling a website used for a community of entrepreneurs.

While your express intention and revenue stream will not be focused on finding the next big product, Your Company will be a hub for those looking to micro-seed fund an idea and receive feedback on that idea

Your Company would have a funding scheme that is flexible but also focused on small transactions and fees so that users are encouraged to continue sponsoring through each milestone.