What is Kickstarter and who should use it?

The slide “notes” have a lot of info and links. They can be downloaded on the ENET website. [http://boston-enet.org/meetings/meeting-archives](http://boston-enet.org/meetings/meeting-archives)
Who am I?

Nelson de Witt

I do entrepreneurial art projects.

I’m a Film Maker, Photographer, Author and I’ve done three Kickstarter projects.

More about me: http://www.nelsonroberto.com
What is Kickstarter/Crowdfunding?

Crowdfunding is a way raising money for a project where a larger number of people chip in smaller amounts of money.

As I hope to point out even though it’s called crowd-funding for most of us it is “friend-funding.”
Two types of funding
(Reward & Equity)

**Reward based funding:** In exchange for money “backers” are given a reward from the creator. These could be in the form of the final product, a t-shirt, bonus content, tickets to an event, or anything of that nature. It’s up to the project creator to come up with the and fulfill the rewards.

**Equity Based Funding:** In exchange for money people are given a small percentage of the company. I do not cover this in my presentation.
My Three Projects

A Documentary Film. We raised $15,212 from 170 Backers with $9K coming in the last 6 days. [Link](http://www.kickstarter.com/projects/identifyingnelson/identifying-nelson-buscando-a-roberto)

Publish E-book about using Kickstarter. I raised $1,303 from 104 backers and my goal was $900. Backer count doubled after 100% funded. [Link](http://www.kickstarter.com/projects/identifyingnelson/a-kickstarters-guide-to-kickstarter)

Publish Photo book of pictures from the SXSW festival in Austin TX. I only $400 of $10,000 goal and I canceled it a week later. Interestingly my blog post about this failure has been viewed over 3,000 times and attracted more attention than the project itself. [Link](http://www.kickstarter.com/projects/identifyingnelson/streetxsw-capturing-the-moments-you-missed)
Most of these insights are based on my experience on Kickstarter and research I have done.

Reality of Kickstarter

42% success rate

Out of all projects launched (93,637) on the site only 41.8% (39,144) are successful (As of 4/10/13)

http://www.kickstarter.com/help/stats
92% of successful projects raise LESS than $20,000. Despite the way crowd-funding is portrayed in the media crowd-funding is not a great way to raise money for projects that need a large amount of capital ($100,000+). There are certain types of projects that work better than others and we will talk about those in a bit.
The average pledge on Kickstarter is $70 and the most popular is $25. This means it is a consumer market and rewards should be priced accordingly. Many people put big rewards in there “just in case” sometimes it happens but I wouldn’t let that be my strategy.

This is also a great metric for calculating how many backer your project needs. For example if you are trying to raise $50,000 you will need around 715 backers on your project. If you have ever tried to get 715 people to buy something in a month... it’s pretty hard.
Reality of Kickstarter

Less than 300 people
(20K/$70 = 284 people)

Using the $70 average pledge as a guideline we can figure out that most projects are funded by less than three hundred people. For example, my film project raised $15,000 from 170. This isn’t exactly a crowd.

In fact most of my backers where friends and family with less than $2000 coming form 2nd degree connections. If you think the internet will show up and back your project you are dreaming.
A project that raises 30% of its goal within 7 days of the deadline has a 90% chance of going all the way. We like to back winners and these types of campaigns are very much about the perception of success. The more you can make it look like a sure thing, the easier it is for people to back it.

Read more: http://kickstarterguide.com/2012/06/20/the-kickstarter-project-tipping-point/
Reality of Kickstarter

Pre-sales work best

(Need a working prototype!)

The most popular projects are done by people with establish audiences (Seth Godin, Amanda Palmer, ect.) or have a working prototype of their final product in the video. Rarely to do you see “ideas” getting massive amounts of funding.

Read more: http://kickstarterguide.com/2012/08/16/studying-failure-what-i-learned-from-a-kickstarter-project-that-failed-badly/
What to Consider
(Before crowd-funding)
What to Consider

You have to promote!

It almost does not matter which platform you choose because you are responsible for promoting it.

Let's take the $50,000 example: If you need 715 people to back your project and we assume a 10% conversion rate, you need your project page to be seen by over 7,000 people. Can you bring that much press to your project?

What about the Kickstarter Audience?

I know what you are thinking...
The Quit Pictures Experiment

Getting on the front page of Kickstarter resulted in $230 of sales.

Wednesday, April 10, 13

A project that I helped with that made it to the front page of Kickstarter. For a small project like his this was great but for a larger project it won’t do much.

http://www.kickstarter.com/projects/cedricvictor/the-quiet-pictures-experiment
What to Consider

Who is it for?

Do you want to go after friends or customers? Are your customer the right “fit” for this kind of campaign?
What to Consider

How do you know people will like it?

Can you send it out beforehand to get feedback? Are people really excited about the campaign?
What to Consider

How much do you need?

What is the minimum amount that you can do this project? If you need more than 20K how are you going to get the word out?
What to Consider

How much time do you have?

Campaigns take a LOT of time and effort. If you only raised $15,000, is it worth it?
The Crowd-Funder's Paradox:

The more money you need to develop a product, the more you should develop the product before crowd-funding.

In fact a couple companies that I personally talked to, who raise well over $100,000 were venture backer before turning to crowd-funding. The longer you wait to crowd-fund the better your chances are.
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