

# The Internationalisation Strategy of KICKSTARTER

<b>Name of platform</b>	Kickstarter
<b>Geographical focus</b>	Global
<b>Active since</b>	2009
<b>Crowdfunding model</b>	Reward based
<b>Type of crowdfunding</b>	All or nothing
<b>Platform website</b>	<a href="http://www.kickstarter.com">www.kickstarter.com</a>



# Executive summary

Kickstarter is one of the first reward-based crowdfunding platforms launched in the US in early 2009. Since then it has created a global community built around creativity and creative projects. Over 10 million people have backed a Kickstarter project, raising a total of \$ 2.9 billion for 121,778 projects.

However this global expansion has not been straight forward. Today Kickstarter is present in 14 European countries: the United Kingdom, Denmark, Ireland, Norway, Sweden, the Netherlands, Germany, France, Spain, Italy, Austria, Belgium, Switzerland, and Luxembourg. European creatives based in countries where Kickstarter is not officially operating, can still launch projects if they have a collaborator or subsidiary in one of the countries where Kickstarter is officially operating. Such restriction does not apply to backers, and currently anyone in the world can back a project on Kickstarter in return for a reward, allowing creatives to appeal to an international backer's environment.



Kickstarter applies no due diligence to campaigns launched. This means that no restrictions apply to the type of campaigns, be that they fall under one of the 15 categories offered: Music, Film & Video, Publishing, Art, Games, Design, Theatre, Food, Technology, Comics, Fashion, Photography, Dance, Crafts, and Journalism. For more information see the [rules page](#).

According to data provided to IDEA Consult by Kickstarter, European project holders have raised a total of € 357.5 million (US \$ 383,071,063) between April 2009 and December 2016.

The Kickstarter website allows creators and backers to interact with one another before, during and after a campaign. Any questions creatives or backers have, can be asked in the Campus and the community (made of backers, campaigners and staff) is encouraged to reply.

By having an interactive and critical community, the crowd acts as a risk identifier for fraudulent campaigns. Kickstarter also encourages backers to be active in pointing out outliers. If project holders fail to address questions asked by the crowd, then people will automatically not trust the project holder and not back the campaign.

# Kickstarter: bringing creative projects to life

Launched in 2009 in the United States, Kickstarter is among the oldest crowdfunding platforms in the world. With a team of 127 people, Kickstarter is also one of the biggest platforms in terms of size. Today it can host projects from more than 18 countries around the globe, including Canada, Australia, New Zealand, Singapore and Hong Kong. Kickstarter has an enormous global community (over 12.5 million people have backed a project) built around creativity and creative projects.

In Europe Kickstarter first became active in the UK (2012), the first international country outside the US where they launched local operations, followed up by the Nordic region (Denmark, Ireland, Norway, Sweden) and the Netherlands. In 2015 Kickstarter had another expansion and started operation in Germany, France, Spain, Italy, Austria, Belgium, Switzerland, and Luxembourg. In total € 2.9 billion have been raised globally via this platform, from around 121,778 campaigns.

Currently anyone in the world can back a project on Kickstarter in return for a reward. However this global expansion has not been straight forward, and is especially restrictive when it comes to the location of where campaigns can be launched.

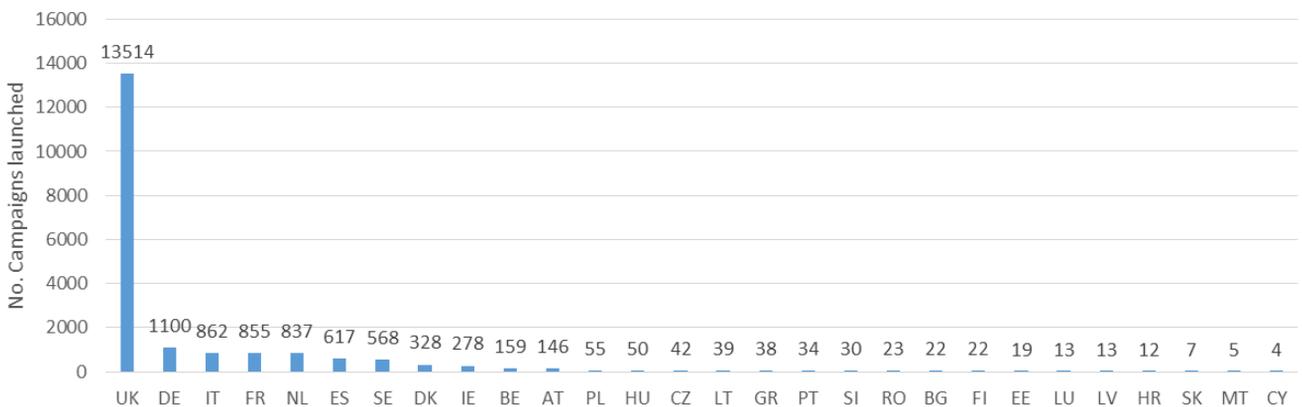
Only creators established in one of the above mentioned countries can use Kickstarter for fundraising. The main issue a global crowdfunding platform faces is with regard to the payment providers and local rules around banking. In the EU alone this means 28 different rules.

## **Difficulties faced in scaling up internationally**

In order to accept donations coming via Kickstarter, creators have to use a local bank account in the countries where the platform operates as well as have a government issued identity in that country. In other words, if you are a creator in Latvia, who only has a Latvian bank account, you cannot launch a campaign on Kickstarter. However, there are ways around this limitation. European creatives based in countries where Kickstarter is not officially operating, can still launch projects if they have a collaborator or subsidiary in the US or countries where Kickstarter is officially operating.

When looking at the graph on the right side, we can see that the number of campaigns launched by creatives in European countries where Kickstarter is officially operating is much higher than in the countries where collaborators or subsidiaries are needed.

Location of creatives using Kickstarter



Source: IDEA Consult calculations based on Crowdsurfer data

Apart from banking regulations taking a long time to be set up, platforms like Kickstarter also face other regulative challenges when scaling up across Europe. The lack of harmonized rules on VAT, consumer protection, data about copyrights and other rules on how crowdfunding is handled requires more efforts and local expertise, making cross-EU activities more challenging.

A high number of European creatives have used Kickstarter to launch their creative projects. Between April 2009 and Dec 2016 European project holders have raised a total of € 357.5 million on Kickstarter . That is around 1/6 of all amounts raised on Kickstarter. For European creatives using Kickstarter, VAT is the most confusing issue. This is because in the US there is no VAT, but only state tax which is handled at local level. If creatives launch campaigns out of Europe, they should have clarity over this issues. Apart from creatives, the unclear VAT regulations also affects backers. According to Kickstarter, European creatives also face challenges when it comes to effectively shipping rewards. More information, resources and guidance is needed.

## Reward based crowdfunding

The cultural sector has always faced challenges in accessing tradition finance from banks, venture capital or from business angels. In response, the focus in this sector has always leaned more towards donations when it came to fundraising activities. With the birth of reward crowdfunding, an innovative tool of fundraising, creatives and cultural organisations can now create a deeper and more direct connection with their donors.

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## 6 | Case study Kickstarter

Category	Successfully Funded Projects	Less than \$1,000 Raised	\$1,000 to \$9,999 Raised	\$10,000 to \$19,999 Raised	\$20,000 to \$99,999 Raised	\$100 K to \$999,999 Raised	\$1 M Raised
<b>All</b>	<b>121,778</b>	<b>14,776</b>	<b>69,133</b>	<b>17,451</b>	<b>16,562</b>	<b>3,636</b>	<b>220</b>
Music	25,036	2,474	17,919	3,262	1,316	63	2
Film & Video	22,470	2,559	12,772	3,541	3,256	336	6
Publishing	10,803	1,610	6,786	1,403	935	69	0
Art	10,199	2,325	6,376	913	540	40	5
Games	10,162	800	4,032	1,865	2,568	821	76
Design	8,605	552	2,953	1,518	2,618	918	46
Theater	6,139	863	4,474	513	271	18	0
Food	5,517	591	2,312	1,306	1,240	62	6
Technology	5,474	336	1,524	757	1,730	1,052	75
Comics	4,809	600	3,002	611	523	72	1
Fashion	4,619	506	2,103	869	982	156	3
Photography	3,029	575	1,705	429	304	16	0
Dance	2,177	205	1,705	200	66	1	0
Crafts	1,809	607	960	145	92	5	0
Journalism	930	173	510	119	121	7	0

Source: Data extracted on March 27 2017 from <https://www.kickstarter.com/help/stats>

Projects on Kickstarter in the creative fields have higher success rate (34%) than the ones in technology (<20%). Dance, theatre, music are the most successful categories. According to Kickstarter, this is mainly because creatives in these sectors already have strong local network which they mobilise for their campaign. Whereas, campaigns in technology often have very large goal amounts that can prove more difficult to be collected under a small period of time.

The Jobs Act, which came into force in 2016, now allows crowdfunding platforms in the US to provide equity services. Although Indiegogo – one of the largest crowdfunding platform in the US next to Kickstarter - was fast to jump on the equity train and provide their members with the opportunity to raise equity finance, Kickstarter decided to continue focusing only on reward based crowdfunding. They believe that equity is less friendly for creatives and it requires a higher level of professionalism, which the traditional creative industry, especially the ones that have no business experience, do not have.

Reward based crowdfunding is closer to the mission of Kickstarter which is not about maximizing profit (they are a public benefit cooperation), as entailed by equity crowdfunding. Kickstarter is focused rather on people supporting projects just because they want to see them come to live and not because they want to make money out of them.

### **Kickstarter Campus: Interactive Community**

The Kickstarter website allows creators and backers to interact with one another before, during and after a campaign. Any questions creatives or backers have can be asked in the Campus and the community (made of backers, campaigner and staff) is encouraged to reply. By having an interactive community, the crowd acts as a risk identifier for fraudulent campaigns. Backers are encouraged to be critical of projects and declare any suspicion of spam. Kickstarter also encourages backers to be active in pointing out outliers. If project holders fail to address questions asked by the crowd, then people will automatically not trust the project holder and not back the campaign.

### **Appeal to US founders**

Many creatives in Europe have been faced with diminishing funding from traditional resources (government support). Within this reality many creatives have turned to crowdfunding as an alternative method to finance their projects.

At the same time, individuals in Europe are less used to give to culture. The frequent use of American platforms by European creatives shows that apart from using the crowd for financial support, creatives are also looking to reach out to US donors.

Indeed, in the United States there is a big culture of supporting new ideas, entrepreneurship and innovation. Such support is part of the American mindset. This is different, if compared to countries in Europe where people are less used to giving for such causes and are more risk adverse.

Many US backers support European projects. Since 2009 backers based in the US have supported EU creative projects with more than € 100 million. On average that comes down to around € 12.5 million a year.

Kickstarter offers very transparent data about each campaign, where apart from amounts raised and number of backers one can also check the location of the backers per each campaign.

Although Kickstarter allows creatives to appeal to an international backer's environment, some projects remain very local and should make use of local platforms which offer services in local languages. Moreover, it is important to think if the rewards used would be alluring for backers coming from the US or other countries around the world.

For example if you are crowdfunding for setting up a theatre play in Germany, the rewards of attending the opening night would not be as appealing for an American backer as it would be for a German one.

### Beyond Funding

Although crowdfunding is an interesting new alternative to raising funds, it is by no means “easy-money”. Crowdfunding is difficult, and according to Kickstarter it requires preparation and could take a long time, the equivalent of a full time job for at least 3 months. Bringing a new idea, project or product into the world is hard. However, the more prepared creatives are the higher the chance that their campaign will be successful.

Kickstarter is constantly working on tools and resources for educational purposes in order to help creatives learn what it takes to launch a successful campaign before they launch online. All tools and information is available in the Resource Compendium part of the website.

Kickstarter stresses not only the funding aspect of creative campaigns but also the community, ambassadors, feedback, new customers. Creatives find the community building as the most important part of their campaign and really value the interconnection with backers on Kickstarter. Moreover, a successful campaign can serve as a validation of the project idea as well as market research. Many creatives that have used Kickstarter have gone off to have distribution deals or have launched their own labels.

A recent study by the University of Pennsylvania on the economic impact of Kickstarter, finds that Kickstarter projects have resulted in 8,800 new companies and non-profits, employed 283,000 part-time collaborators and created 29,600 full-time jobs, and have generated more than \$5.3 billion in direct economic impact for those creators and their communities.

# 300,000+

Part-time & full-time jobs created



# \$5.3 billion

In economic impact generated



# 8,800

New companies & non-profits created



# Partnership model

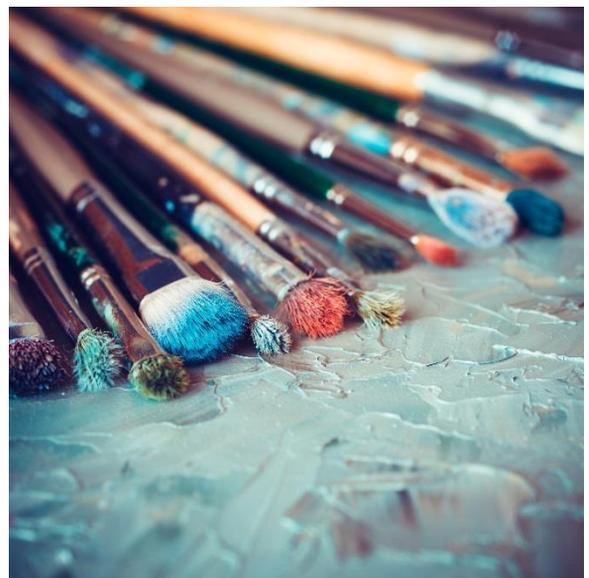
## Partnerships and Future developments

Kickstarter mainly sees partnerships in terms of collaborating with payment gateways to make its services available globally. They aim to be present in every country in the world in order to provide creatives from everywhere with the opportunity to raise funds for their projects. Expansion in Eastern Europe, especially in countries like Poland and Slovenia is on the radar. However, collaborating with local payment providers is a lengthy process.

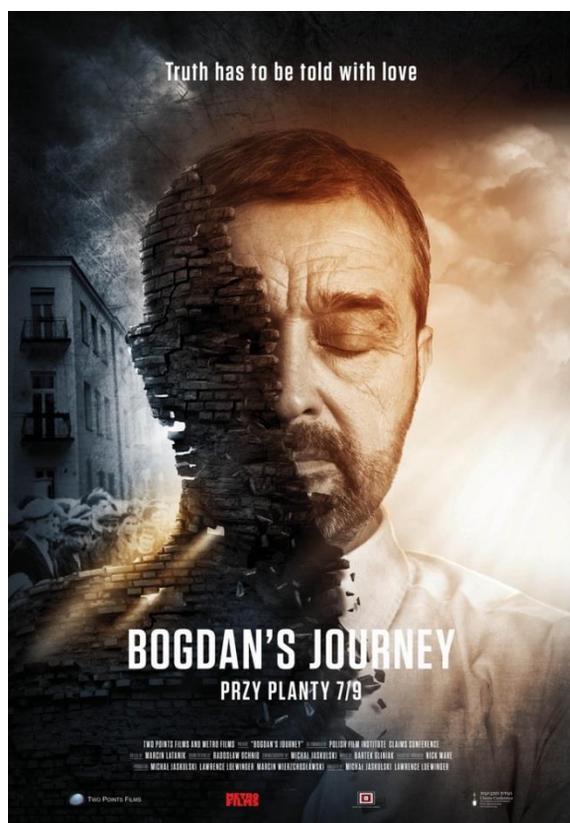
At the same time Kickstarter has collaborated with other organisations, but most of its partnerships are focused on the dissemination of products resulting out of crowdfunding campaigns, especially in the category of film. For instance, since 2010 Kickstarter has led a yearly Film Festival, featuring films and video projects from Kickstarter creators, including features, stop-motion animation, documentaries, shorts and more. Whereas their partnership with Sundance Institute helps to mentor, advise and provide support for Creative Funding, Marketing, and Distribution to independent films. In 2015, Kickstarter teamed up with the New York Times to host engaging short-form documentaries by Kickstarter creators on its Times Video page.

In 2016, the partnership with Berlinale Talents engaged a network of more than 6,000 directors, writers, producers and film professionals who choose to launch Kickstarter campaigns. Alumni also engage and work directly with Kickstarter's film team to receive mentorship and support for projects launched during the partnership.

The only collaboration with a private organisation, in terms of direct support for the campaigners, was the partnership with Codac in April 2016, where film makers launching a crowdfunding campaign would be provided the 35mm or s16mm film for free to creators to use. Kickstarter is also looking into partnership opportunities with public and private organisations in terms of matchfunding, but this is yet at a very early stage of development.



# Funding the Polish documentary “Bogdan’s Journey” on Kickstarter: an interview with the co-director



“Bogdan’s Journey” is a documentary film about the life and work of Bogdan Białek, a trained psychologist who for over thirty years made it his life’s mission to reconcile Poles and Jews over a massacre that took place in his city in 1946: the Kielce pogrom. Cutting through the fog of conspiracy theories and the unending debate about how and why it happened, Bogdan Białek transforms Kielce into a place of dialogue and reconciliation.

The documentary was filmed over a period of ten years, with high production cost. In September 2014 the directors decided to launch a crowdfunding campaign on Kickstarter in order to cover the last phase of editing. The documentary raised \$ 42.093 (€ 39.389) from 208 backers. The reason why a polish campaign was possible to be launched on Kickstarter is because Larry Loewinger, one of the co-producers and co-directors of the documentary film is American.

Larry Loewinger went to college in New York City and graduate school in California, where he got involved in documentary filmmaking. He then returned to New York and fully entered the film business. He has been working on “Bogdan’s Journey” for the past decade.

Crowdfunding4Culture could interview him to learn more about the motivations to launch a crowdfunding campaign on Kickstarter, and the experience.

### **Why did you decide to use crowdfunding?**

*The making of a documentary film over a period of 10 years inevitably comes with high costs. During these years money was raised from few private individuals and through trading services. It was so much about trading services as in acquiring useful services such as providing translation and transcription services and transportation. Various film festivals were approached in the US, Canada while targeting numerous distributors to get funding and support came in also from the Polish Film Institute. However, still more money was needed to finish the film.*

*In the United States crowdfunding is a well-established way of fundraising for documentary films. During film festivals they often came across directors who had previously used crowdfunding and encouraged it as a practice. In Poland on the other hand, crowdfunding is rarely used and we lacked the contacts to do much in fundraising there. Apart from raising funds we believed that through Kickstarter, the little know story of pogrom would find an interested audience. Early on in the campaign we figured out how to reach out to that audience. The documentary team hired a capable staff who knew how to mount a successful fundraising campaign.*

### **Why did you use Kickstarter?**

*Kickstarter was chosen on the premises of it being one of the largest crowdfunding platform. The model of crowdfunding (all or nothing) was also important in their choice of platform. This model was important for 2 reasons, firstly because we really needed the amount of money we pledged for and secondly because it was a personal challenge we wanted to take. Differently from Europeans, Americans are accustomed to giving to culture and cultural projects, whereas in Poland where the film is based, crowdfunding is not that popular and people are not used to giving. In order to reach out to American givers a US platform was better placed than a Polish one.*

### **How difficult was it to set up the campaign?**

*Although the director had experience with fundraising there was little awareness about the use of crowdfunding. What they knew however was that crowdfunding is not easy and that money does not just pour in out of the blue. In order to have a successful campaign you must plan everything very carefully. Organisation is key! A team of 4 was employed to help with: writing the campaign, setting up the profile on Kickstarter, campaign manages and quality check. This of course added new costs to the film production, and these were out of pocket expenses. The pre-launch took about 3 months, whereas the campaign was online for 33 days.*

### **What are the benefits of using crowdfunding for film, beyond the funding?**

*Crowdfunding is useful especially when you want to reach a certain community. In our case this was the American Jewish and Israeli community, since the film is about a topic that interests them. However, the sense of community comes with a sense of responsibility.*

*It was also an important step in helping us identify donors that were willing to give for our cause. Crowdfunding helped us build new relationship with new donors outside of our existing networks.*

*Now, if ever we need more funding, we know we can ask those donors again, as we know they care about our cause.*

*By donating to the campaign, donors become ambassadors for the film. The film has won awards and is now being screened around the country in the US—New York, Chicago, Florida, California and Maine so far. Without crowdfunding we couldn't have made the film.*

### **What advice do you have for filmmakers who want to use crowdfunding?**

*It is important to keep the following in mind:*

- *Crowdfunding inquires a tremendous amount of work, be prepared beforehand for this.*
- *You need to fully understand your position and know how to pace yourself in the film industry and the community at large.*
- *You also need to have part of the funding in place before you go publicly online. Identify donors who are willing to help before launching the campaign.*
- *What is important to know is that you cannot do crowdfunding alone. Find a good team, with previous experience on crowdfunding to help you set up the campaign.*
- *To be successful in a campaign you have to see yourself as reaching out to a community, whatever that community might be.*
- *You need to be prepared for failure. Ask yourself the question: What will you do if you will not raise the money?*
- *Make sure you get donations periodically so the campaign has money at the moment of launch.*
- *Have a list of potential donors you can go to in case it proves difficult to reach the target during the last week.*

- *Prepare a communication plan and reach out to the press/online blogs.*
- *Keep the momentum: Keep people interested in your campaign by launching updates regularly or by uploading actual shots from the film.*
- *Rewards are important, but they are secondary to the campaign message. The focus should be on the project and not on the rewards.*

*There needs to be a community urgency in the work for you to be able to successfully crowdfund. People would give, if there is a subject that the world needs to know about. In the beginning we reached out to family and friends, but they were happy to support our film especially because of the subject we were dealing with. Many found it important to see this film come to life.*

### **Would you fundraise again?**

*Absolutely yes! We definitely consider doing crowdfunding again, perhaps for a future film. But it should be clear: not everything can be crowdfunded. There should be community appeal to the work you decide to crowdfund for.*

*I would not be scared to ask them again for help should I decide to make another film. In case they would not like to support, they would just say no. But you have to try!*

*With every campaign you reach out to a different community. Such would be the case if I decide to crowdfund for a future film.*



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**Project partners:**



**Values of Culture & Creativity**  
BY JOOST HEINSIUS



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Do you have questions after reading this case study?  
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