

A KICKSTARTER PROFILE FOR NONPROFITS: HOW TO ENGAGE BACKERS ONLINE

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A Kickstarter Profile for Nonprofits:

How to Engage Backers Online

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DEDICATIONS

To my family who have always been my rock in every situation and without whom I would not have accomplished this.

And to the Getty Foundation & Museum whose summer internship program got me interested in nonprofit arts administration a decade ago.

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ABSTRACT

This is a study of backers on the crowdfunding website Kickstarter.

Crowdfunding is a new form of e-philanthropy that has nonprofits wondering how they can use it to their advantage. Kickstarter is one of the most well-known and stable websites and has strong connections to the arts, making it ideal for testing. I use a quantitative survey to determine demographics and motivation of backers on the site. I found that a significant amount of work is needed to run a Kickstarter campaign, even though it is simple to use. Kickstarter cannot be used by nonprofits to build or fill holes in a budget. Its format is not designed to generate intrinsic or donor mindsets in its audience. Backers on Kickstarter have a consumer mindset build around the creation of a project. Nonprofits can still use Kickstarter for projects tailored to the site, but they need to thoroughly examine if Kickstarter is the right tool for them.

INTRODUCTION

This study seeks to examine how nonprofit arts organizations can benefit from crowdfunding, a type of online fundraising that can be used for the purposes of e-philanthropy. Crowdfunding is a type of online fundraising that allows someone to raise a large amount of money by appealing to a larger community base, with each person giving small portions of the funds needed. Though available to all individuals and businesses, it is much like how nonprofits often raise general funds. Nonprofits maintain a community of donors to which they go for any needed funding: annual funds, projects, events, and other fundraisers. Not all donors fund everything, and it is not often a sole donor that allows the nonprofit to function, but many. Crowdfunding has this same concept of the many coming together to build or fund something but works exclusively online in all manners, from the website's community, sharing, contact and funding.

Crowdfunding websites are a relatively new tool for e-philanthropy and should be examined critically as they move closer to mainstream. Crowdfunding has had a steady growth from 2001 to the present day (Gerber 2013). The term "crowdfunding" was only officially coined in 2006 by Michael Sullivan with his "fundavlog" project (Bouaiss, et al. 2015).

Simply setting up a crowdfunding campaign requires a very low amount of technical knowledge. This has created equity among people who wish to attempt large

money-building projects online, or major e-philanthropy attempts. At its most basic, creating a crowdfunding campaign simply requires that you post a purpose on a preset site format, and pick a dollar goal to cover it.

Older crowdfunding companies like Indiegogo and Kickstarter began in 2008 and 2009, respectively, and have spawned similar crowdfunding sites over the few years they have been in operation, each with unique formats and rules. The most significant differences in crowdfunding sites are the funding styles, campaign types, and reward systems. Funding styles are flexible or fixed; this means you either receive all the money that was donated, or only receive the donated funds if you meet your funding goal. By examining ten crowdfunding websites, including Kickstarter, Indiegogo, and GoFundMe, I found that there are three different campaign types. Each type has an end goal of charity, creative projects, or business building, or any mix thereof.

Reward systems are generally connected to non-charity campaigns. A “reward system” is a multi-tier system on a crowdfunding site that offers various products, experiences, or other tangible rewards based on how much money the person gives to the campaign. Often rewards are akin to advance sales; the backer will receive a finished project whose creation was the purpose of the campaign. This is often the case with projects like music or video games. Funders will get a copy of what they helped to fund (frequently in the form of a download, due to the online nature of crowdfunding). Sometimes only funders will be the ones with access to the creation, but more often the project goes up for sale to the masses after the backers receive theirs. Sometimes there are slight differences between the sale version and the “Kickstarter Edition” to

encourage early funding. Other times a related object is part of the reward (e.g. t-shirts, mugs, other products with graphics & logos). Other campaigns with many tiers to their rewards are like auction or donation style giving; the physical value and the amount given do not correlate. “Rewards are a creator's chance to share a piece of their project with their backer community. Typically, these are one-of-a-kind experiences, limited editions, or copies of the creative work being produced (Kickstarter 2017).”

Larger nonprofits have raised concerns that the egalitarian nature of crowdfunding will endanger larger charities' ability to attract donors (Turgend 2014). Loreta Valen performed a SWOT analysis of crowdfunding, raising concerns about its nature. Crowdfunding is highly internet based and little research has been done on the topic. No catchall advice exists for someone looking to start a crowdfunding campaign. She states crowdfunding is “a novelty, uncertainty and various publicly expressed fears enhance the weaknesses and threats of [crowdfunding] (Valen 2013)”. She also notes that there is no current legislation for things like equity crowdfunding. Equity crowdfunding is a type of crowdfunding where campaigners can offer equity or stake in the business as a reward; this literally turns crowdfunding into a type of Initial Public Offering. This is a new and still legally undefined development and not relevant to many who use crowdfunding: charities, nonprofits, small producers, artists, or project fundraisers.

Yet, arguments for the general staying power of crowdfunding are the increased interest of the government, FCC, PayPal and major banks (Davidoff 2013). These entities are interested in regulating the crowdfunding phenomenon. Crowdfunding has

absolutely no current regulation, and there are very few guarantees for users as to whether a project will be finished or if the funding will be used efficiently or ethically. Funders are essentially investing their money with only the promise of future results. There are considerable risks when a funder gives money to a project and they cannot all be mitigated, even by the crowdfunding sites themselves. Kickstarter's strong stances on issues regarding funding and campaign types are an attempt to self-regulate, or reduce the risks for those that use the site.

KICKSTARTER & PROJECT FUNDRAISING

I chose Kickstarter as the sole crowdfunding platform to examine in this study because it has a reputation of promoting the arts. With each crowdfunding website having its own combination of rules and regulations, finding trends across platforms would be extremely difficult. Kickstarter has presented an extremely stable design and format from 2009 to the present day. It has consistency in the form of allowable campaigns for fundraising, as it has remained a project fundraising site and has no intention of changing; they do not permit "charity" or other fundraising goals. Kickstarter does not equate charity and nonprofit; rather the term refers to the end goal behind the fundraising; for example: charity would be asking for funds to assist payment of medical bills. While a nonprofit can use the website, they could not simply set up a

campaign to ask for operating or general funds. A completed creative project must be the end goal of a Kickstarter campaign.

Kickstarter campaigns are “all or nothing,” meaning that unless a project meets its funding goals, no money is taken from backers and the project “fails.” When websites give partial funds, there are far more possible outcomes, and therefore dynamics, involved. Kickstarter has been the only crowdfunding website to stick to this model. They claim that it is the best model to promote high success rates. “*It's less risk for everyone.*”¹ If you need \$5,000, it's tough having \$1,000 and a bunch of people expecting you to complete a \$5,000 project (Kickstarter 2017).” Kickstarter also provides a daily updated set of metrics/statistics and shares much of their research and decision making through their site blog.

There are 15 categories for projects allowed on Kickstarter.² Only two are not tangentially related to the liberal and fine arts projects: technology and food. This makes it a prime choice for people to run arts campaigns. Kickstarter is a crowdfunding site that is proud to center around communities developing from the projects on their site. They have more opportunities for this than other crowdfunding sites because they remain a project-only site coupled with full funding. Kickstarter developed the term “backer” to name those who give money to a Kickstarter campaign. These backers are part of the project from the time of their “gift” to full funding and on to the completed project- even beyond.

¹ Emphasis is theirs

² These categories are: Art, Comics, Crafts, Dance, Design, Fashion, Film & Video, Food, Games, Journalism, Music, Photography, Publishing, Technology, and Theatre (Kickstarter 2017)

Kickstarter has explicitly stated they have a mission to assist creative projects that “would otherwise have difficulty being produced” if they did not have outside funding (Kickstarter 2016). Kickstarter’s business responses to two recent developments in crowdfunding have furthered their commitment to this mission. In 2015 Kickstarter converted to a Benefit Corporation. B-Corps are a new type of incorporation, recognized by certain states, which allow for different accountabilities than the standard for-profit and nonprofit corporations. They are a new type of for-profit companies that are obligated to consider the impact of their decisions on society, and were created to provide an alternative to legal precedence mandating the responsibility to maximize shareholder profits above all else (Kickstarter 2017). Kickstarter stated that this will allow them to keep processing fees low. CEO Yancy Strickler has recently reinforced the core ideology of the website by confirming they will not use the new FCC rules that allow campaigners to use equity in a company as a backer reward. This is an attempt to discourage entrenched or IPO businesses from using the site (Lapowsky 2014).

“Kickstarter’s mission is to help bring creative projects to life. We measure our success as a company by how well we achieve that mission, not by the size of our profit (Kickstarter 2017).” Kickstarter wants to encourage creative development and growth from nontraditional sectors, or people who would otherwise not find funding.

REVIEW OF THE LITERATURE

In the 21st century, the changing demographics of donors is an important development in nonprofit study. The 2013 Trendswatch discusses the “changing shape of giving,” or what current nonprofit donors are looking like. How generations relate to nonprofits and the internet is now being studied.

The US Census Bureau (US Department of Commerce) has only defined one generation - the "Baby Boomers," or people with the birthdates from 1945 to 1964 (USCB, 2014) - making standardized studies of age groups difficult. 2013 Trendswatch focuses on the behaviors of younger donors called "Millennials." The Millennial Impact site defines the Millennial generation as people born between the years 1980 and 2000 (<http://www.themillennialimpact.com/>). People born in the Millennial generation are described as people who have grown up with specific technologies that other generations have not. The 1980s were a core growth spot for the personal computer age. However, many people in Generation X have also grown up following the same computer advancements: The first household personal computer in the early 1980s, the internet in late 1980s and early 1990s, and mobile phones with 3G internet in the early 2000s.

For purposes of this study I will use 1980-1981 as the cut off point for the two generations; this puts the age range of current Generation X at ages 36-53. Previous Generation X examinations used a cutoff date of 1980. With Millennial studies ending anywhere from 30-35 of age for the past six years, this demarcation line seems a

reasonable compromise. This makes Millennials in a current 20-35 age range as of 2017. However, I will end the Millennial generation at 1995. This is the year where technology radically changed again due to the rapid growth of the internet and began creating a new generation. This generation is now growing up with each advancement of the internet, like their forebears did with computers.

Generation	Current Ages	Dates of Birth
Millennials	20-37	1995-1980
Generation X	38-54	1963-1981
Baby- Boomers	55-72	1945-1964

Three quarters of Millennials donated to charity in 2011. With this kind of support and the fact that Millennials are a new and uncertain generation, there are many studies being conducted on this group. These studies do not follow any older generations and how much they use the internet, or how it has changed their behaviors. The United States Census Bureau found that 87% of American adults use the internet in some form. While Millennials stand out at 99% of them using the internet, more and more people of every generation are now online. Generation X has a significant number of people using the internet; 93% of people ages 30-49, and 88% of people 50-64 (USCB 2014).

The number of hours spent online is a part of the new research on generations (CCFM 2013). The years 2000 & 2001 represented sharp increases in total internet usage (Pew 2016). The use of the internet on cell phones is sharply decreasing the divide by

ages, classes, and ethnicities when it comes to one's ability to gain access to the internet (USCB 2014).

Crowdsourcing and Crowdfunding are two new concepts that came about due to the vast reach and use of the internet. Both have allowed people to come together on the internet and work together for a single goal. Crowdfunding has become a simple way to reach out for funds and it has everyone, including nonprofits, trying to use it to their advantage. Because these concepts are so new, research is lacking in the field about the specific motivations behind backing of crowdfunding, especially project motivated crowdfunding. Motivations of crowdfunding participants are based on intrinsic or extrinsic value systems. This is important regarding crowdfunding websites like Kickstarter where "donations" can have tangible rewards associated with them. Intrinsic and extrinsic rewards do not yet have a correlation to amount donated, yet knowledge of a donor's motivations can provide information encouraging future donations (Johnson et al. 2011). Studies "suggest that tangible benefits are most strongly associated with extrinsic rewards, while social and recognition may be associated with [both intrinsic and extrinsic] (Johnson et al. 2011)."

Katherine Gaulke found that standard behavior models will require new determinants for studying online donors. Her analysis added internet determinants to the behavior model she used: access point, years on the internet, skill level, and hours on the internet. Gaulke's analysis revealed that online behavior models for nonprofit donors do not match that of offline ones. Further research must be done into e-philanthropy to understand how to garner online audiences and donors (Gaulke 2010).

Elizabeth M. Gerber studied motivations of both creators and funders by interviewing users of crowdfunding sites. Two trends emerge from Gerber's study: funders show high connections to "consumer behaviors" and/or a desire to support philanthropic causes. These two major trends emerge from desires such as: relationships to the creator, collecting rewards, supporting a cause, and joining a community. She does not discuss types of crowdfunding projects or sites visited by funders, leaving us with a general view of the complex crowdfunding phenomenon (Gerber 2013). Another study states that people who have backed more than 32 projects are part of an "investor" mindset, rather than a "consumer one." They are more willing to back higher goals and faster growing projects (An et al. 2014).

Andy Read states that crowdfunding is allowing nonprofits to "diversify their fundraising (2013)." He builds on previous research that suggests nonprofits have an advantage over for-profit enterprises with crowdfunding campaigns (Read 2013). In early 2010, Armin Schweinbacher found that nonprofits have more success than others on crowdfunding sites. Belleflamme et al. found the same thing in 2013 (Pitschner 2014). Read uses an empirical model to extract information on variables and patterns using the Fundrazr and Kickstarter websites. He states that "signaling theory" – a nonprofit signaling their status makes it easier to generate capital – is applicable to nonprofits using a crowdfunding platform. As a campaign's success is related to the signals it sends out, having and displaying a nonprofit status is the "easiest means for an [organization] to signal project quality (Read 2013)".

Read claims that the corollary to said signaling theory is that intrinsic motivators deeply influence one's behavior in relation to a nonprofit, which is why nonprofit status can engender donor behaviors. However, he found that "even in situations where donations are considered, the rewards system seems valuable, as it inspires connection to the outcome amongst the supporters (Read 2013)." Physical rewards can produce better results than non-physical options and can be used to "express how funds were allocated (Read, 2013)."

Examination of funded nonprofit crowdfunding campaigns has shown an extremely high probability of higher average dollar amounts per funder. However, there also tend to be lower expected payouts (or dollar goals) but higher chances in reaching the desired goal. There are no known connections that explain if it is related to the nonprofit status or if lower goals statistically provide for easier funding (Pitschner 2014). Kickstarter statistics and its advice page both suggest that projects with goals under ten thousand dollars have a higher chance of being funded; they make up 70% of successfully funded projects (Kickstarter, 2016).

Studies conducted on crowdfunding focus on full funding as the condition for success, with true failure described as an "inability to successfully leverage an online audience" (An et al. 2014) and failing to meet one's funding goals. However, a campaign has more than one outcome, especially in the case of partial funding models. Even in "all or nothing" funding schemes the condition of additional or excess funding exists. No current crowdfunding site stops people from funding a campaign once it has met its original dollar goal, and many have exceeded theirs by significant amounts. There is no

obligation for the campaigner to give a statement or explanation about how this extra money might be used as no budgets are required as part of the campaign. Where funds ultimately go is generally unknown by backers. Often the campaigners will add to the benefits backers receive, or add to the project in some way. Two of the highest grossing campaigns show the differences in responses to this advantage. The “Exploding Kittens” card game campaign earned 8 million dollars compared to its initial goal of 10,000 dollars. They added upgrades to each reward and the main product as their funding grew, even though more backers meant more products to create. By contrast, the nonprofit Reading Rainbow campaign raised five times its goal of 1 million dollars and put more of the money into its finished project, giving the product free to more classrooms and homes.

Research into impact, return on investments, and connections is lacking in the fields of crowdfunding. This includes examinations of extended outcomes of the campaign: new engaged followers, future campaigns or projects, and other possible organizational impact.

In all funding schemes individuals can run projects as “not-for-profit;” meaning they are not asking for funds beyond the making of the project or asking for other charitable funds. Researchers have not given explicit details in their studies of how they determined what constitutes a “nonprofit” campaign (Pitschner et al. 2014, Read 2013, An et al. 2013). In these studies there appears to be little attempt to separate individuals’ posted campaigns from those of 501(c)3s.

Most studies available are taken from the viewpoints of economics or computer science. Studies have a greater emphasis on the impact on small businesses and entrepreneurs; particularly regarding the future of equity crowdfunding. Little focus is given in the literature to well established organizations or businesses using crowdfunding sites.

METHODOLOGY AND LIMITATIONS

This study used a quantitative method involving an online survey of Kickstarter backers. It considered the questions: What is the composition of first time and frequent backers on Kickstarter? What art types do best on Kickstarter? What motivates people who are backers on Kickstarter? What internet behaviors do backers have? Do backers respond differently to nonprofits?

The survey was only taken by individuals who have backed at least one Kickstarter campaign. It was distributed online through Facebook and used snowball sampling by asking those on Facebook to share the link with others. The first posts were to my own Facebook pages. The survey was also posted to various Drexel Facebook groups (Graduate Association, Arts and Entertainments), cultural and artists' groups (Greater Philadelphia Cultural Alliance, National endowment for the Arts, Pew Research Center), and computer groups (Association of Computing Machinery).

The survey was broken into two sections; the first section asked for basic demographic information (e.g. age, salary) and information about their activities on the

Kickstarter website. Respondents were collated by first time (one-time) backers and repeat users of the website to look for determinants of returning backers. The second section implemented a Likert scale to run a factor analysis and develop comparisons and conclusions based on variables: Trust, online behaviors, possible motivators, and types of campaign builders. A five-option scale was used, asking people to rate 25 statements in two parts: one pertaining to extrinsic or intrinsic rewards and trust, and the other crowdfunding and internet behaviors. The full survey instrument is included in Appendix A.

At the end of the survey, respondents were asked if they would be willing to answer more detailed questions about their responses and Kickstarter activity. Five individuals who responded positively to this question were chosen for personal interviews. These interviews were conducted over the course of two weeks at the direct conclusion of the two-week survey.

A limitation to this study is that it does not seek to examine past campaigns on Kickstarter by nonprofits. Project types and organizations cover a wide variety of factors and styles and few organizations have similar campaigns or even multiple campaigns. The current landscape makes sample sizes and case studies difficult. Privacy rules make it difficult to easily contact backers of 501(c)3 campaigns, without going through the organizations, to obtain a sample of current supporters of nonprofit efforts. Kickstarter previously showed the basic profiles of people who backed a campaign, through the campaign page. This ended in 2014 with a change to the

website's privacy policy. Therefore, I am using survey responses from people who have self-identified as Kickstarter backers.

The dissemination of this survey through Facebook had the possibility of skewing the results toward those who are more comfortable with the internet.

CHAPTER ONE – THE “BACKER”

The survey returned with a sample size of 145, with only 130 people finishing out both pages of the survey. The first two days of the surveys posting generated 85% of the responses, with 91% in the first four.

The answer pool from survey participants for each statement was used to calculate an aggregate number, the average, and find the mode of the data. Comparative consistency across the three represents a consistent answer by the whole group while results lacking that consistency were either polarizing responses or completely indistinct sets of responses.

The most frequently chosen answers were “sometimes” and “often” within the second section of the survey, with very few questions dipping up or below. This means the statements did connect to positive influence on their behavior (as opposed to rarely and never), and might be worth examining more closely.

A factor analysis was performed on the Likert data using the statistics software “R.” As the generated number approaches 1 it means the two statements have a stronger connection, or correlation, to one another. The full graph of correlations between each statement is listed in Appendix B. There were not many strong correlations between the 25 statements. This means that the given behaviors behind backers on Kickstarter are largely independent of one another.

No significant differences were observed in the answers between first time backers and those who donated to more than one campaign. A slight increase occurs in the amount of campaigns backed with each upward step in income.

The age demographic of backers ran from birth years of 1994 through 1958. The largest mass was between 1988 and 1973, a section centering the X to Millennial line. While the Millennial generation had the largest sample, Generation X was not far behind. The age range of Kickstarter backers shows that it is a mistake to only focus on Millennials when doing research on “online generations” or anyone who could be attracted to donate through online means. -

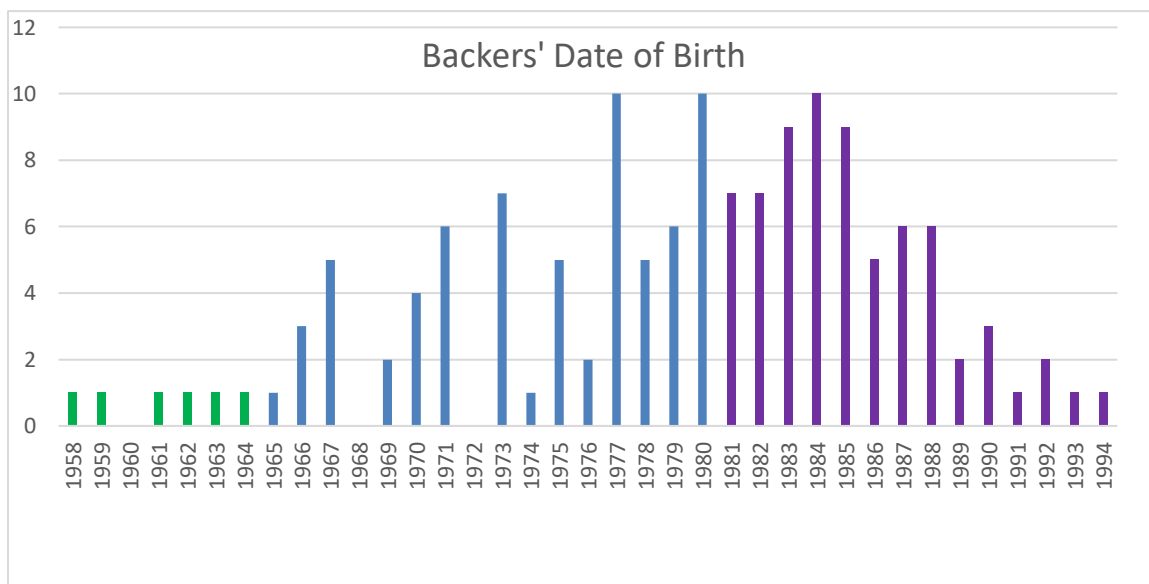


Figure 1: Green indicates the dates for the “Baby boomer” generation, as defined by the US Census Bureau. Blue and purple are approximations for Generations X and Millennials, respectively.

The largest group of people said they backed 2-10 projects on Kickstarter. Of the interviewees, people in that range also stated that they backed a lesser number of projects, mostly 2 or 3. This says that the 2-10 choice needs narrowing. The fact that

many Kickstarter backers did not back considerable number of campaigns shows that it is not necessary for a campaigner to pull in frequent users/visitors of the site to fully fund a campaign. Users can be drawn into the site for one project alone and suggests that an organization can convert their current interested audience. Kickstarter is not a site that most people browse in search of projects or things to back. All interviewees had backed a campaign run by a friend, relative, or other acquaintance. Word of mouth is the most common way people are introduced to Kickstarter campaigns. This includes the sharing of a project on social media sites. The interviewee who back over 30 Kickstarter projects was the only person to have funded an equity campaign.

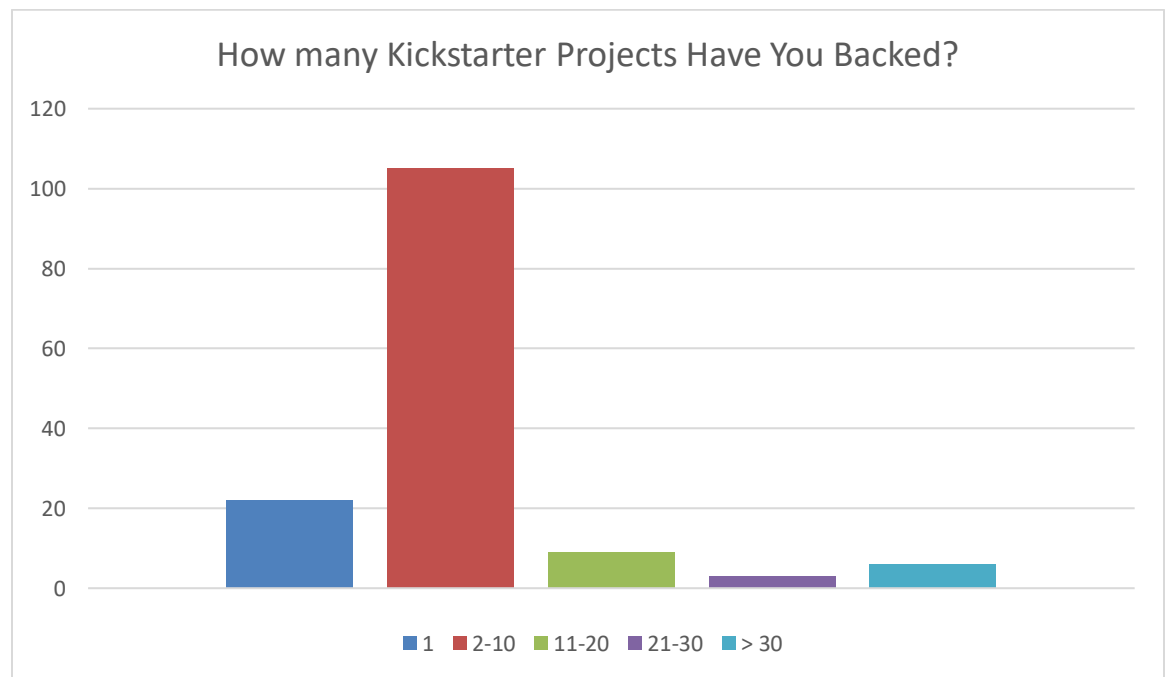


Figure 2: The assertiveness of the answer 2-10 shows that it should be examined in more detail, or smaller portions.

CHAPTER TWO - PROJECTS & REWARDS

The main project and its attached reward system are the core parts of a Kickstarter campaign. Although Kickstarter has an advanced reward system, backers were not interested in rewards over all else; they needed to receive or be part of the final project. This says that the reward system is not the first or most important thing for organizations to focus on when creating a campaign. Backers' main concerns had to do with the project of the campaign and receiving that end project. Because of this, the end project is usually the first tier of funding in the "rewards system". A project must be something that becomes available to the people that supported it. This reflects a type of consumer mindset, rather than an investor or donor one.

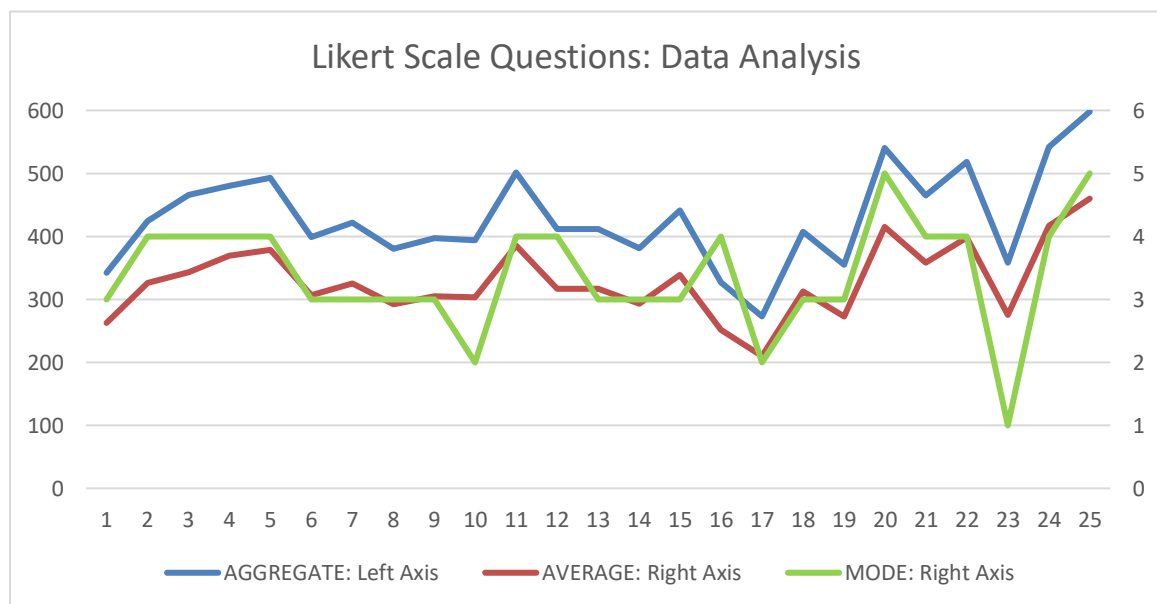


Figure 3: The lower axis represents statements Q1-Q25, from the survey. Statements are given a number in appendix A.

Backer responses on whether they would donate to get a specific reward were very inconsistent. The statements on the other end of the spectrum, with more focus on donor behaviors, had a similar low influence and consistency. People were less willing to back a project where they received no personal item (including the project). But, people were inconsistently willing to back something where what they received was of lower dollar value than what was given.

The inconsistency of responses to statements surrounding the rewards system states that even with the overall importance of the project the motivations behind Kickstarter rewards is complex. People can be affected by both intrinsic and extrinsic motivators, but it is of lower value to their behavior than a direct tie to the project being created. This says that rewards with direct influence or connection to the project are more likely to have a greater influence.

Arts nonprofits need to engender donor style mindsets in backers if they wish to raise funds beyond covering a specific project. Respondents' solid answers of "sometimes" for "I would back a project in which I received no personal item at all," shows that there are situations when it is possible to get backers to donate or have intrinsic motivations. We need to understand what circumstances or motivators are involved.

One interviewee spoke about their donation to the Reading Rainbow campaign. It was the desire to help the project and nostalgia that drew them to back the project. But, the rewards system had the largest influence on how much money they were

interested in giving. The other interviewees each responded quite differently to how they felt about rewards. One had no interest in a reward based system at all, and they mostly frequented other crowdfunding sites because of it. Another only backed a one project because they wanted project itself, a piece of clothing.

Strong correlations emerged between statements saying respondents were only interested in the final project and that, "I would share a campaign with others to increase its chances of being fully funded." While it is clear why anyone invested in a campaign, especially an "all or nothing" one, would want to increase its chances of being funded, and thereby created, no similar correlations exist between reward statements. The sharing of a campaign with others has a connection to the project itself, rather than any (additional) rewards one might obtain from the campaign. The sharing of the campaign ties to the desire to see the project itself come to fruition.

CHAPTER TWO – ONLINE BEHAVIORS

The Kickstarter backers' interactions with arts organizations trended toward very low contact. When asked how they most often interacted with arts organizations the mass of answers centered on "I do not interact" and "I follow online activity and emails," 21% and 35% respectively. The other two highest answers were "occasional contact" and "regular basis for many reasons."



Figure 4: Respondents' answers to question number 8 of the online survey.

These internet users are a largely untapped audience; a respectable number of users did follow arts organizations online or through emails. Organizations have a vast

potential audience that they need to engage more directly and online is where many of these individuals have migrated.

The statement saying, “I spend many hours on the internet over the course of the week” was the only consistent “always.” This shows that Kickstarter backers are familiar and comfortable with the internet, spending significant time on it. This coincides with previous data showing that they have an interest in following or dealing with arts organizations online. Backers also stated that they had a wide variety of internet devices available to them; with PCs and phones ranking high. Only tablets ran inconsistently with responses, still having an average of the response “sometimes”. Not only are respondents highly connected, they are connected more often and in more places.

The mass drop of survey respondents by day 3 shows a short half-life to posts shared through Facebook. Facebook has the potential to have a post reach a large audience very quickly. However, Facebook’s “news feed” system, the system by which most people see posts on the social media site, is run by a complex algorithm. The most important part of this algorithm is that the news feed generally shows the most recent or most replied to posts by your contacts; a post can quickly vanish from a news feed and be difficult to find again.

Yet, Facebook and social media have an important connection to Kickstarter and crowdfunding. One can use their Facebook sign on as their same sign on to Kickstarter. Of the people who took the survey 45 used their Facebook account for both websites.

I contacted many organizations through their Facebook page in my search to post a link for my research survey. I mostly never received a response. My experience was like that of survey participants. Even organizations they had interacted with on a personal level continued to use direct mail or phone as a main means of communication. When asked about online contact, interviewees stated that it was all one sided, in the form of an email list or following a Facebook page that does not engage in conversation. One standout response was an organization who responded extremely negatively to my request to post on their Facebook page; they stated that they allowed people to only post things directly relating to the gallery, all others were deleted quickly by the administrator.

CHAPTER THREE – KICKSTARTER AND THE ARTS FIELDS

Participants were asked about the types of arts campaigns they have backed on Kickstarter. The responses are noted in figure 3. This question also had an “other” box for people who felt they donated to an arts topic that was not specified. Only 35 people stated none or other for the question. In the case of participants who have backed more than one campaign, 81 people backed more than one arts category. Categories for the question were taken from the Kickstarter website’s list for use in one’s campaign. From these and the respondents’ answers, I developed two new categories: Writing, and Games. Writing includes projects like magazines, comic books, literature and other books. Comic books remained in the Writing category because they generally begin with a script, even though the end project has a considerable visual component. Games include both video games- the most common- and board or physical games. One answer of “public art” was moved to the Art category, and “jewelry” and “fashion” were moved to Design. Factoring in the two new categories drops the number of people who have ever backed an art project on Kickstarter to 10, or 6.8% of all backers.

The decision to not include writing-based categories or games in the original questions was based on the desire to pick traditional arts that have less mass media connections and more possible ties to traditional 501(c)3s. The consistent addition of both type of campaigns in the “other” box for the arts provided an argument for their inclusion in a discussion of how arts campaigns work on Kickstarter. The writing

categories on Kickstarter are Journalism, Publishing, and Comics. “Crafts” was the only tangential arts category that was not mentioned by any participant.

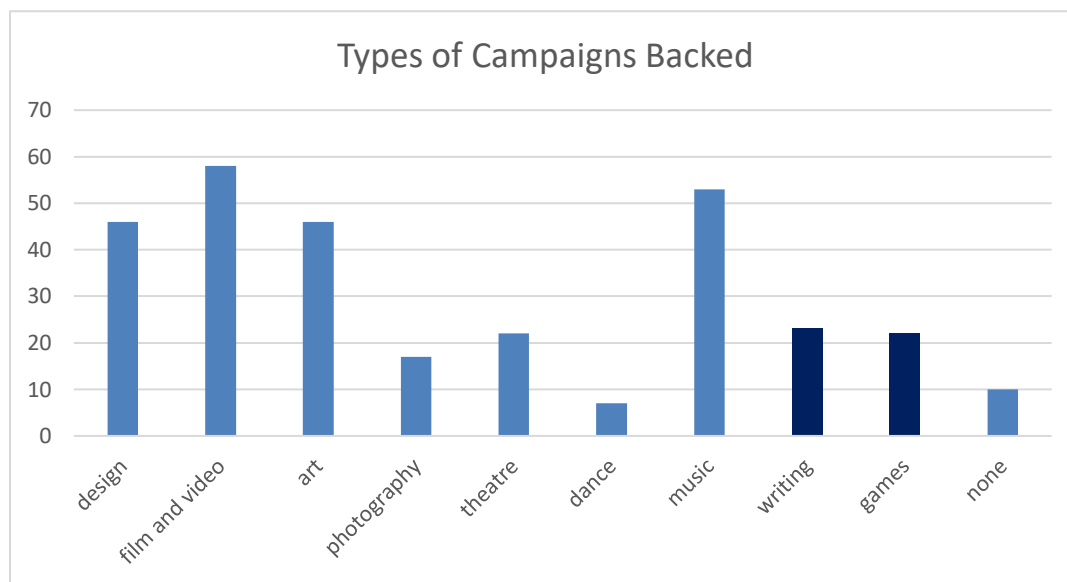


Figure 5: The dark blue categories are those created by the “other” suggestion box.

The numbers for each type of art backed in the sample do not coincide with Kickstarter’s metrics based on their entire project history in which Dance and Theatre are the most successful campaigns. This shows there can be a drift in what people are backing over time, especially in relation to what type of projects are being represented. People back arts related projects with frequency even in the presence of non-arts related categories. The categories that were connected to mass media more than to traditional arts still made backers feel connected to “the arts”.

When asked about how they react to several types of campaigners- nonprofits, businesses, and individuals- backers generally reacted positively, with an answer of “sometimes,” that a nonprofit or business was more trustworthy than individuals. That

these statements did not prompt respondents to answer with stronger affirmatives- like often or always- suggests that the idea of a nonprofit performing significantly better than others on a crowdfunding site like Kickstarter somewhat flawed. Being an established nonprofit can be beneficial, but not to the point that crowdfunders will flock to 501(c)3s over other campaigns in a project crowdfunding setting. However, a backer is more likely to be motivated by intrinsic rewards and show donor behaviors when they have close or personal ties to the campaigner. Of the interviewees, all backed projects where they had some tie to the campaigner.

CONCLUSION

My study shows that Kickstarter is not a budget builder for arts organizations. The common narrative of crowdfunding being a simplistic way to gather donations, or make money, online is not accurate. The “success rate³” on Kickstarter is 35.81% (as of 12/2016). Nonprofits need to have very specific intent for setting up a campaign on Kickstarter. Questions organizations might want to ask themselves before turning to Kickstarter are: How much time do we spend on turning online followers into interactors? Do we encourage all our current members/donors/audience to follow and communicate online? How do we present our information online? Is it detailed? Is our intent to get mostly online donors or to convert current ones?

Backers receive no equity or financial benefits from their funds on Kickstarter; they tend to receive products like consumers, but they are willing to give more money than the physical value of the item they may receive. They are also willing to give to nonprofit entities. This differs greatly from investors’ behavior, even angel investing, which has a similar one-time injection of money, also sometimes found among family and friends. This is a benefit for nonprofit arts organizations who wish to use crowdfunding. Users on the Kickstarter website have more in common with donors or

³ Terminology used by Kickstarter for fully funded campaigns

consumers than capital investors and can be leveraged for uses that are not related to core budget fundraising.

Kickstarter's concept and brand is a major component to understanding how backers on the site are motivated. As a "project fundraising" website, the idea of the project behind the campaign has become one of the most important things regarding the campaign. It is how one can most draw in backers. If nonprofits wish to use Kickstarter to raise funds, they must do so out of a desire to produce something. Not only is it a requirement by the Kickstarter site, but commitment to it will affect their ability to raise the desired funds. The most important part of the campaign is the project, with less regard to the reward system. A backer will share the campaign due to a desire to see the project's completion. On many occasions, backers are willing to "donate", or give extra money to see a project finished, but the core concept of a project is vital to a successful campaign. There is a high investment among donors in seeing the project completed.

The profile of the Kickstarter backers shows a strong and frequent internet user who has access through a variety of platforms, especially phone and laptops or PCs. Backers are comprised of people of all ages, even though most of current backers are Millennials or younger people in Generation X.

Art organizations would need to develop projects that connect to their core programming but can exist independent of its operating budget. Doing this will mitigate problems with budgets should the campaign not achieve full funding, which is a

legitimate concern of any campaigns that are on all-or-nothing, such as Kickstarter. The ideal project is something that the organization has a desire to create, perhaps as part of another event or project. This is something that likely requires total funds before completion, or where that might be the best solution. An example is Inliquid's Kickstarter campaign to fund the production of an art calendar in 2011.

Arts organizations need to consider the potential of using Kickstarter to engage audiences online and as part of the organization. Even if a person's only interactions are online they are still contributing to a project connected to the main events, projects and mission. Having a strong online donor base will eventually allow organizations to have more complex and integrated projects through crowdfunding. More nonprofits need to make attempts at crowdfunding for there to be enough data on how arts nonprofits perform on Kickstarter. It is possible to use this tool to their advantage. Their audience is already online; they need to meet them there.

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APPENDIX A: ONLINE SURVEY

Page 1

This survey will take approximately 10-15 minutes. It requires you to have backed at least one campaign on Kickstarter.

My name is Elizabeth Anderson and I am conducting research for my thesis in Drexel University's Arts Administration program. I am creating a profile of Kickstarter users concerning behaviors that will be relevant to non-profit arts organizations who wish to use project crowdfunding. I am interested in learning about how you feel concerning the different aspects of taking part in campaigns.

All responses are anonymous and will not require you to give identifying information. Thank you for participating. The data will be used toward my master's thesis and will contribute to knowledge in the field.

At the end of the survey you will be given the opportunity to enter a drawing for a \$25 Amazon gift card.

Page 2

1. In what year were you born? (enter 4-digit birth year; for example, 1976)

2. What is the highest level of school you have completed or the highest degree you have received?

Less than high school degree

High school degree or equivalent (e.g., GED)

Some college but no degree

Associates degree

Bachelors degree

Graduate degree

Other (please specify)

3. What is your approximate household income?

\$0-\$24,999

\$25,000-\$49,999

\$50,000-\$74,999

\$75,000-\$99,999

More than \$100,000

4. Do you sign in to Kickstarter with your Facebook account?

Yes

No

How many Kickstarter Projects have you backed?

- 1
- 2-10
- 11-20
- 21-30
- >30

Was at least one of the campaigns fully funded?

- Yes
- No

7. What type of arts related campaigns have you backed? (Multiple Answer)

- Design
- Film and Video
- Art
- Photography
- Theatre
- Dance
- None
- Music
- Other (please specify)

8. How do you most interact with non-profit arts organizations?

- I do not interact
- I follow emails and any online activity
- I occasionally attended events or classes
- I interact with arts organizations on a regular basis for a variety of reasons
- I am an artist and interact with them regarding my own art
- I work for an arts organization
- Other (please specify)

Page 3

9. On a scale of 1 (Never) to 5 (Always), please rate how much each statement relates to how you would act regarding your participation in a Kickstarter project.

- It is important that I receive a reward beyond the finished creative project.
- I would donate to a project simply because I desired the particular level's reward.
- I would back a project where the dollar amount I paid was larger than the physical value of my reward.
- I would back a project where I only received the final project.
- I would back a project where I was only interested in the final project.
- I would back a project in which I received no personal item at all (e.g. public art, exhibitions, programs)
- I would trust a non-profit campaign before a forprofit one.
- I would trust an organization's or business' campaign before an individual's
- An uncompleted project influences my decisions to back other similar projects.

I would require regular correspondence from the people running the campaign.
I would share a campaign with others in order to increase its chances of being fully funded.
I would back a project from a person or organization that I had some tie to (self, friend, family).
I would back a project from a person or organization I had just learned about.

10. On a scale of 1 (Never) to 5 (Always), please rate how much each statement relates to how you would act regarding crowdfunding and the internet.

It is important to me that a project is not financed unless fully funded.
I prefer Kickstarter to other crowdfunding websites.
My choices for backing are influenced by the Kickstarter website, advertising, search, or categories.
My choices for backing are influenced by other projects available on Kickstarter (one over another)
My choices for backing are influenced by internet contacts.
My choices for backing are influenced by noninternet contacts.
I would look online for information before contacting someone.
I prefer donating to crowdfunding campaigns that are project related.
I frequently access the internet on a phone.
I frequently access the internet on a tablet.
I frequently access the internet on a PC/Laptop
I spend many hours on the internet over the course of a week.

11. If you would like to be entered to win a \$25 Amazon gift card, please enter your email address.

12. If you would be willing to answer more detailed questions on this topic, please enter your email or other contact.

Thank You For Your Time

APPENDIX B: FACTOR ANALYSIS, CORRELATION MATRIX

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
Q1	1	-0.127	0.055	-0.111	-0.200	-0.080	0.051	0.068	-0.003	0.121	-0.091	0.078	-0.010
Q2	-0.127	1	-0.189	0.115	0.105	-0.237	-0.011	0.253	0.060	0.033	0.196	0.080	0.251
Q3	0.055	-0.189	1	0.059	0.038	0.421	0.041	0.028	0.113	-0.081	0.019	0.261	0.002
Q4	-0.111	0.115	0.059	1	0.673	0.040	0.053	0.105	0.016	0.115	0.315	0.152	0.276
Q5	-0.200	0.105	0.038	0.673	1	0.092	-0.033	0.052	-0.028	0.098	0.298	0.026	0.325
Q6	-0.080	-0.237	0.421	0.040	0.092	1	0.102	0.024	0.004	0.048	0.027	0.289	0.082
Q7	0.051	-0.011	0.041	0.053	-0.033	0.102	1	0.229	-0.065	-0.054	-0.003	0.125	0.066
Q8	0.068	0.253	0.028	0.105	0.052	0.024	0.229	1	0.154	-0.006	0.050	-0.019	-0.029
Q9	-0.003	0.060	0.113	0.016	-0.028	0.004	-0.065	0.154	1	0.222	0.104	-0.149	-0.011
Q10	0.121	0.033	-0.081	0.115	0.098	0.048	-0.054	-0.006	0.222	1	0.213	-0.082	0.072
Q11	-0.091	0.196	0.019	0.315	0.298	0.027	-0.003	0.050	0.104	0.213	1	0.168	0.278
Q12	0.078	0.080	0.261	0.152	0.026	0.289	0.125	-0.019	-0.149	-0.082	0.168	1	0.282
Q13	-0.010	0.251	0.002	0.276	0.325	0.082	0.066	-0.029	-0.011	0.072	0.278	0.282	1
Q14	-0.071	0.249	-0.247	0.060	0.001	-0.290	-0.104	0.189	0.151	0.220	0.121	-0.021	0.080
Q15	-0.035	0.150	0.011	0.281	0.137	-0.070	-0.040	0.073	0.199	0.185	0.199	0.017	0.105
Q16	0.068	0.275	-0.302	0.085	0.078	-0.150	0.061	0.113	-0.070	0.129	0.159	-0.057	0.174
Q17	0.070	0.242	-0.159	0.101	0.077	-0.113	0.073	0.099	0.168	0.184	0.130	-0.069	0.201
Q18	-0.126	0.130	0.166	0.099	-0.005	0.049	-0.038	-0.149	0.080	-0.056	0.113	0.261	0.059
Q19	0.146	-0.093	0.150	-0.174	-0.176	0.120	0.032	-0.025	0.100	-0.037	-0.109	0.043	-0.184
Q20	-0.092	0.312	0.013	0.080	0.045	-0.041	-0.049	0.069	-0.049	0.086	0.223	0.129	-0.043
Q21	0.223	0.079	-0.031	0.128	0.134	-0.052	0.221	0.202	0.017	-0.012	0.211	-0.015	0.018
Q22	0.082	0.121	0.019	-0.013	0.059	-0.022	-0.004	0.060	0.109	0.077	0.060	0.246	0.014
Q23	0.083	0.195	0.067	0.109	-0.004	0.047	-0.038	0.113	0.142	-0.056	0.059	0.110	-0.036
Q24	-0.112	0.063	0.012	0.027	0.091	-0.042	-0.143	0.091	0.070	-0.039	0.067	0.048	0.067
Q25	0.022	0.143	-0.008	0.229	0.198	-0.101	-0.067	0.014	0.029	0.050	0.174	0.078	0.145

	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25
Q1	-0.071	-0.035	0.068	0.070	-0.126	0.146	-0.092	0.223	0.082	0.083	-0.112	0.022
Q2	0.249	0.150	0.275	0.242	0.130	-0.093	0.312	0.079	0.121	0.195	0.063	0.143
Q3	-0.247	0.011	-0.302	-0.159	0.166	0.150	0.013	-0.031	0.019	0.067	0.012	-0.008
Q4	0.060	0.281	0.085	0.101	0.099	-0.174	0.080	0.128	-0.013	0.109	0.027	0.229
Q5	0.001	0.137	0.078	0.077	-0.005	-0.176	0.045	0.134	0.059	-0.004	0.091	0.198
Q6	-0.290	-0.070	-0.150	-0.113	0.049	0.120	-0.041	-0.052	-0.022	0.047	-0.042	-0.101
Q7	-0.104	-0.040	0.061	0.073	-0.038	0.032	-0.049	0.221	-0.004	-0.038	-0.143	-0.067
Q8	0.189	0.073	0.113	0.099	-0.149	-0.025	0.069	0.202	0.060	0.113	0.091	0.014
Q9	0.151	0.199	-0.070	0.168	0.080	0.100	-0.049	0.017	0.109	0.142	0.070	0.029
Q10	0.220	0.185	0.129	0.184	-0.056	-0.037	0.086	-0.012	0.077	-0.056	-0.039	0.050
Q11	0.121	0.199	0.159	0.130	0.113	-0.109	0.223	0.211	0.060	0.059	0.067	0.174
Q12	-0.021	0.017	-0.057	-0.069	0.261	0.043	0.129	-0.015	0.246	0.110	0.048	0.078
Q13	0.080	0.105	0.174	0.201	0.059	-0.184	-0.043	0.018	0.014	-0.036	0.067	0.145
Q14	1	0.326	0.329	0.258	0.014	0.035	0.010	0.139	0.059	0.047	0.011	0.077
Q15	0.326	1	0.206	0.229	0.037	-0.036	0.067	0.067	0.070	0.351	-0.053	0.286
Q16	0.329	0.206	1	0.358	-0.101	-0.261	0.024	0.222	-0.029	0.138	-0.055	0.078
Q17	0.258	0.229	0.358	1	-0.206	-0.086	-0.010	0.093	0.103	0.119	-0.182	0.029
Q18	0.014	0.037	-0.101	-0.206	1	0.101	0.246	-0.029	0.010	0.037	0.040	0.224
Q19	0.035	-0.036	-0.261	-0.086	0.101	1	0.004	0.117	0.020	0.050	-0.001	-0.013
Q20	0.010	0.067	0.024	-0.010	0.246	0.004	1	0.017	0.138	0.099	0.103	0.293
Q21	0.139	0.067	0.222	0.093	-0.029	0.117	0.017	1	0.089	0.046	-0.008	0.166
Q22	0.059	0.070	-0.029	0.103	0.010	0.020	0.138	0.089	1	0.136	0.227	0.213
Q23	0.047	0.351	0.138	0.119	0.037	0.050	0.099	0.046	0.136	1	-0.181	0.182
Q24	0.011	-0.053	-0.055	-0.182	0.040	-0.001	0.103	-0.008	0.227	-0.181	1	0.247
Q25	0.077	0.286	0.078	0.029	0.224	-0.013	0.293	0.166	0.213	0.182	0.247	1

APPENDIX C: LIKERT STATEMENT ABBREVIATIONS

- 1: It is important that I receive a reward beyond the finished creative project.
- 2: I would donate to a project simply because I desired the particular level's reward.
- 3: I would back a project where the dollar amount I paid was larger than the physical value of my reward.
- 4: I would back a project where I only received the final project.
- 5: I would back a project where I was only interested in the final project.
- 6: I would back a project in which I received no personal item at all (e.g. public art, exhibitions, programs)
- 7: I would trust a non-profit campaign before a for-profit one.
- 8: I would trust an organization's or businesses'; campaign before an individual's
- 9: An uncompleted project influences my decisions to back other similar projects.
- 10: I would require regular correspondence from the people running the campaign.
- 11: I would share a campaign with others in order to increase its chances of being fully funded.
- 12: I would back a project from a person or organization that I had some tie to (self, friend, family).
- 13: I would back a project from a person or organization I had just learned about.
- 14: It is important to me that a project is not financed unless fully funded.
- 15: I prefer Kickstarter to other crowdfunding websites.
- 16: My choices for backing are influenced by the Kickstarter website, advertising, search, or categories.
- 17: My choices for backing are influenced by other projects available on Kickstarter (one over another)

- 18: My choices for backing are influenced by internet contacts.
- 19: My choices for backing are influenced by non-internet contacts.
- 20: I would look online for information before contacting someone.
- 21: I prefer donating to crowdfunding campaigns that are project related.
- 22: I frequently access the internet on a phone.
- 23: I frequently access the internet on a tablet.
- 24: I frequently access the internet on a PC/Laptop
- 25: I spend many hours on the internet over the course of a week.