Kickstarter: Helpful website or project killer?

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It seems innovative technology often gets stuck in the dark chasm that exists between a great idea and a final product. Between skyrocketing production costs, the difficulties of marketing on a limited budget, and unexpected hiccups, some projects never get off the ground.

Kickstarter [1], a crowd-sourced funding website where inventors raise enough to manufacture their product, seems like the perfect solution to technological limbo.

The website allows each creator (and team) to host a page explaining the project (i.e. the Makey Makey [2]) via a video and text. The creator then picks an amount of money to raise—typically the lowest amount necessary for production—and an end date for the fundraising. Basically, they plan to raise x amount of money in x amount of days. If they reach or surpass the goal, the team receives all the funds, and if they fall short, they receive nothing.

Supporters can pledge any amount, from one dollar to thousands of dollars depending on the project. Each "level" of support ($5, $35, $100, etc) has a different "reward" associated with it. The rewards range from a mention on the site, to 300 of the product, to having your image put in a video game. Everything from rewards to videos is unique to the product.

Since that all sounds great, what’s the problem?

Recently, an infographic [3] that calls into question the success rate for Kickstarter projects appeared on Appsblogger [4]. According to the infographic, about 22,900 projects were fully funded for a grand total of $197,592,643. 18,900 failed to acheive full funding and 3,900 were suspended, canceled, or currently live. That works out to about a 50 percent success rate, 41 percent failure, and about 9 percent canceled, suspended, or active.

But the infographic misses the main point: Failure isn’t a bad thing.

Some of the projects fail for easy-to-spot reasons. They might need to work on their marketing material or they asked for an unreasonable amount of money relative to

the product. But what Kickstarter really offers is a platform that creators can use to test products on a small-scale basis. If the product fails (i.e.iSceneit [5]), it's time to go back to the drawing board and rethink the process, project, price, etc.

The website serves as a reality checkpoint for inventors and when (if) the product is ready, it's an effective way to push the initial product to human guinea pigs before investing massive amounts of money trying to get noticed.

Bonus: Kickstarter prides itself on a very transparent business, and expects creators to do the same. Creators are encouraged to respond directly to backer's questions and comments (good practice for boardroom pitches). Direct feedback from consumers can help craft a better product.

The point is, the failure rate is nothing to be alarmed about. When used in tandem with other methods (trade shows), Kickstarter is a very effective vehicle for products that are ready to go to market and great filter for those that still need some work.

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