

Crowdfunding on Kickstarter.com

Exploring the relationship between consumers and producers

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Introduction

Passing around the plate during church gatherings is one of the most successful executions of a phenomenon that is settling into our current technological society. This phenomenon is called ‘crowdfunding’; “the financing of a project or a venture by a group of individuals instead of professional parties (like, for instance, banks venture capitalists or business angels)” (Larralde, B., Schwienbacher, A. 2010, p. 4). So, crowdfunding is about utilizing the power of the crowd to seek funds for your project, company, charity, or anything else. Now, crowdfunding has expanded to take place on the Internet.

There are many crowdfunding platforms that are specifically designed to intermediate between producers and consumers. Some of the biggest are Indiegogo, Kickstarter, and Sellaband (Dawson, 2010). Not all platforms have the same rules and often there is plenty of legal discussion concerning the legality of offering a large amount of funders (the crowd) a share or percentage of the profits. Crowdfunding has already worked its way around the legal complexities by offering funders rewards other than financial returns.

This paper will take a look at the relationship between consumers and producers that is being established within the crowdfunding phenomenon, assuming that both this relationship and crowdfunding itself can be seen as an ongoing process. The research question posed is as follows:

“What is the relationship between the consumer and the producer during the crowdfunding process of videogames on Kickstarter, and what implication does this have for the production process?”

This paper will start off by offering a description of ‘crowdfunding’ as a model of alternative financing. After this the crowdfunding platform Kickstarter.com will be used as a means to place crowdfunding in its current context. Its inner workings will be described through both empirical data and information on the way the platform works.

After this, an overview of the roles of both the consumer and the producer will be given. After this, two case studies of projects that were crowdfunded on Kickstarter will be explored. There will be a specific focus on videogame projects, a choice which will also be provided with proper motivation.

One successful and one unsuccessful project will be analyzed in detail, and several others will be used to confirm statements, to add empirical data, and affirm the found relationships. The relationship between the consumer and the producer will be documented and analyzed by means of several criteria. The criteria that will be taken into account are: the number of updates, the rewards (and donation amounts) chosen, the number of comments, the producer's intentions, and the user's response.

| 1 | Crowdfunding, Kickstarter and Game Studies

The phenomenon of crowdfunding has its roots in the parent notion of crowdsourcing, which “represents the act of a company or institution taking a function once performed by employees and outsourcing it to an undefined (and generally large) network of people in the form of an open call [...] The crucial prerequisite is the use of the open call format and the large network of potential laborers” (Howe, 2006b, paragraph 5). So both concepts are ways of moving business to a different level. A level where they can rely on the notion coined by Pierre Levy (1997) as ‘collective intelligence’; “[A] form of universally distributed intelligence, constantly enhanced, coordinated in real time, and resulting in the effective mobilization of skills” (p. 13). This concept works from the assumption that two (or more) know more than just one. Crowdfunding uses more than just the crowd’s intelligence; it utilizes its enthusiasm and its collective wallet as well.

Crowdfunding is a concept that has been developing itself for many years:

“By the election cycle of 2008 Barack Obama had turned it into a science, raising some 272 million dollars from more than 2 million, mostly small, donors. [...] The Internet so accelerates and simplifies the process of finding large pools of potential funders that crowdfunding has spread into the most unexpected nooks and crannies of our culture – such as music and movies” (Howe, 2008, p. 253).

Realizing that on the Internet a huge pool of potential customers are present, ‘crowdfunding’ is picked up by artists and spreads itself into the creative industry with the idea that “no amount of focus grouping or test marketing – which the studios and labels engage in aggressively – can change the essential difficulty of discerning what separates a hit from a dud” (Howe, 2008, p. 253). This way, artists can appeal directly to the consumers that will ultimately consume their products. The famed indie game ‘Minecraft’ is one of the biggest success stories in videogame crowdfunding, where developer Markus Persson secured millions of dollars by starting out with crowdfunding (Warmuth, 2011).

Larralde and Schwienbacher (2010) explore this phenomenon in “Crowdfunding of Small Entrepreneurial Ventures”, a chapter of the *Handbook of Entrepreneurial Finance*. In this chapter they acknowledge the potential of crowdfunding as “a means to raise funds not only for small projects but also for high-growth startups that are typically financed by business angels and even venture capital funds” (p.3). This observation

makes them consider crowdfunding to be an alternative way of financing projects. They argue that the Web 2.0 (and the Internet in general) serves as a platform to further stimulate and develop this phenomenon, as many of Web 2.0's characteristics are inherently fit to promote a phenomenon like crowdsourcing and -funding:

“[Web 2.0's] structure was mandatory for companies to be able to reach networks of consumers that easily. [...] Collaboration permits to combine each other's knowledge and resources. Openness allows people to contribute freely to different projects. And third, participation is increased thanks to the ease of access and use of computers and Internet” (Larrande, Schwienbacher, 2010, p. 5-6).

As they argue, the Internet allows for crowdfunding spreading over networks. The ease of access, the huge crowd present on the Internet and the openness of the web further stimulate the growth of this phenomenon. Currently there are numerous platforms that intermediate between crowdfunders (those who fund projects, conventionally known as the consumers) and the fundseekers (the producers). One of the biggest platforms for crowdfunding projects that intermediates between these two actors is Kickstarter.com.

1.1 Kickstarter.com

Kickstarter.com is one of the biggest and most popular crowdfunding platforms available today. In March 2011 alone, 7 million dollars was pledged and more than 2.000 projects were launched in that month. The total amount of dollars pledged since April 2009 is \$53.107.672.

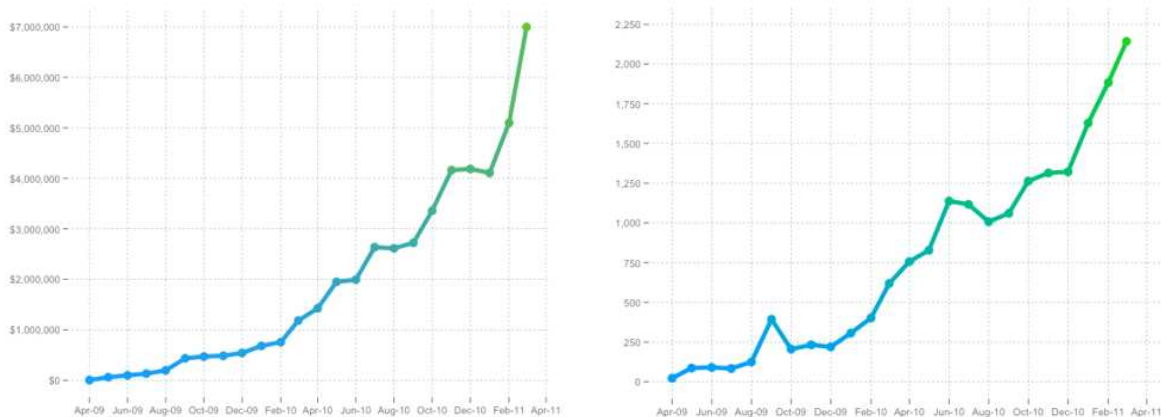


Figure 1: *Left: Dollars pledged per month. Right: Projects Launched per month. (April 2009 – March 2011)*

Source: <http://blog.kickstarter.com/post/5014573685/happy-birthday-kickstarter>

Of the total amount of dollars pledged about 40 million dollars was collected by successful projects and 7 million dollars was not collected by unsuccessful projects. This makes the collection rate about 85%. This isn't the same as the actual success rate

though. Of the total 20,371 launched projects (till April 2011), 9,700 were unsuccessful, 3,175 were still live and 7,496 were successful. This makes the success rate 43 percent, which is a lot higher than the 5% success rate the Kickstarter founders had projected in the concept stage (Strickler, 2011).

With 5% of every successful project's funding amount going to Kickstarter and the huge amounts of money being collected from the crowd, it can't be denied that Kickstarter is a big player in the crowdfunding business. So how does this particular platform work exactly?

To share your project on Kickstarter, you have to abide to 5 simple rules:

- No charity projects or causes;
- No business funding, projects only;
- No funding for self-help projects or As-Seen-on-TV products;
- No funding to hire programmers/developers to build your website/app;
- All projects must offer rewards (raffles, discounts, coupons, financial returns, and investment offers are prohibited).

After accepting these rules, the producer has to describe the project, set rewards, and pick a funding goal. After Kickstarter accepts the project and puts it online, people who would like to see this project created can pledge money toward it. Kickstarter then works on an all or nothing basis:

“If the entire sum is pledged within the announced time-frame, the money is released to the project. As Kickstarter explains, their approach is closest to patronage, since it is not about investment or lending. Project creators keep 100% ownership and control” (Stadler, 2011, p. 51).

There is, then, a certain drive present for the producers to engage the consumers as much as possible. After all, if they don't fund the entire project the producers get nothing. Although videogames do not comprise the biggest category on Kickstarter ('Film' leads with nearly \$20 million in pledges, contrary to videogames' \$1,052,557), they are a relevant category when researching the relationship between the producer and consumer, since the videogame industry has always had a dynamic relationship with the consumer.

1.2 Game developers and gamers

Involving users throughout the production process is something that has been

(unofficially) around in the videogame industry since *Spacewar*, one of the earliest digital videogame created on the PDP-1 (Barton, M., Loguidice, B., 2009, n.p.). Developers embraced the so-called 'active consumer' and involved users mainly through usability testing. This kind of testing is made up of two elements: "user testing, which investigates whether people can understand how to play a game properly, and playtesting, which then looks at whether they're actually enjoying themselves" (Barton, Loguidice, 2009, n.p).

When facing the decision to give money to a project it is important for users to enjoy the game, so playtesting gains ground through crowdfunding. With crowdfunding's move to the Internet, and the game industry's move to crowdfunding, the relationship between producers and consumers moves with them. The games industry has made the first steps to work together with the consumer. Crowdfunding, being a process where this relationship can be developed further, thus poses an interesting stage for game research. Besides this, it offers small developers an alternative funding method.

"Funding a game isn't easy. And that's especially true for small, independent developers. Unless you happen to have a nest egg of saving laying around, manage to catch the eye of a publisher, or are lucky enough to live somewhere with readily available government funding, your choices are limited" (Webster, 2011, p. 1).

| 2 | Convergence Culture

Although the videogame industry appears to embrace the presence of the active consumer to a certain extent, the relationship between producer and active consumer has mainly been a top-down process. Although participatory culture represents the desire to take a step away from this relationship, the development process remained mainly top-down. In this top-down situation the producer talks to the consumer, and the consumer doesn't have the freedom to do it the other way around. Participatory culture describes the contrast with older notions of passive media spectatorship: "Rather than talking about media producers and consumers as occupying separate roles, we might now see them as participants who interact with each other" (Jenkins, 2006, p. 3). Jenkins argues here that the relationship between consumer and producer is changing, that it seems to be moving away from the traditional one-way, top-down process. He argues this change takes place through the concept of 'convergence':

"Convergence represents a paradigm shift – a move from medium-specific content toward content that flows across multiple media channels, toward the increased interdependence of communication systems, toward multiple ways of accessing media content, and toward ever more complex relations between top-down corporate media and bottom-up participatory culture" (p. 243).

He describes a complexification of the relationship between producer and consumer that, as I will argue, occurs with crowdfunding. In this relationship producer and consumer collide and depend on each other more than ever. Generally, convergence culture describes a technological convergence – like the idea that "someday soon all home media consumption -- Internet, television, music, gaming, and movies -- would take place on a single black box in the living room that would take the place of the home PC, television, stereo, gaming console and DVD player" (Maher, n.d., n.p.). On a technological level, Microsoft's Xbox can be seen as an example of just this.

Jenkins, however, argues against the idea that convergence culture should by definition be a technological process. According to him it is a cultural shift where consumers set out to explore media, and where the relationship between them and producers is an ongoing and changing process.

This is why he describes convergence culture as the process of engagement between the consumer and the producer, which takes place in many ways. It is a process and not the end point of a development.

Like convergence culture, crowdfunding manifests itself in and through technology, but technology is not the most important characteristic of crowdfunding and it is not what makes it grow. Like Jenkins argued, it is exactly the opposite; it is the deeply social nature of humans that gives it its potential.

“Contrary to the foreboding dystopian vision that the Internet serves primarily to isolate people from each other, crowdsourcing uses technology to foster unprecedented levels of collaboration and meaningful exchanges between people from every imaginable background in every imaginable geographical location” (Howe, 2008, p. 14).

So although crowdfunding has been around for a long time, the way it manifests itself on the Internet by using a combination of social aspects and technology makes it a completely different phase of crowdfunding. We will look at Kickstarter and the way Jenkins describes a convergence culture they seem similar. Crowdfunding is moving toward a place where consumers and producers actively interact and where hierarchies are hustled. As we delve into the Kickstarter platform we will discover how crowdfunding can be seen as a process where consumers and producers come together.

| 3 | Crowdfunded projects on Kickstarter

There are different kinds of consumers and producers present during the process of crowdfunding. In this chapter the different kinds of consumers and producers that are most commonly found on Kickstarter will be described. After this I will introduce two case studies that will be described in detail; one successful and one unsuccessful. Then some general empirical data about other successful and unsuccessful projects will be used to support any statements made. To conclude an analysis will be made of all these aspects together.

3.1 Active audiences and hype chasing producers

Within convergence culture, Jenkins (2006) argues that “everyone’s a participant – although participants may have different degrees of status and influence” (p. 137). The same goes for Kickstarter – every funder is a participant, but they have different roles and degrees of influence. I propose that these roles can be roughly divided into the following five categories:

- Passive Consumer
- Active Consumer
- Social Consumer
- Fan
- Inspirational Consumer

It’s important to note that none of these roles are mutually exclusive. The different roles will be explained below, after which the same thing will be done for the roles of the producers.

3.1.1 Passive Consumer

The passive consumer on Kickstarter is the consumer whose only contribution is giving money to projects.

3.1.2 Social Consumer

This consumer both funds the project and participates by leaving comments. This consumer does not actively help to make design decisions or give the producer suggestions about the game.

3.1.3 Active Consumer

The active consumer donates money and actively participates in the process of

creating the game. This can be through user testing, giving suggestions and tips to the producer about the game by designing levels or doing anything else game-related.

3.1.4 Fan

The fan promotes and funds the game. This particular kind of consumer can be very valuable to the producer, since he/she helps to get the game some publicity and, consequently, more funding and popularity. Fans often don't contribute to the actual development process, but they motivate the producer, help them grow their fan base, and want to collect special rewards (even if they have to donate a larger sum).

3.1.5 Inspirational Consumer

The 'inspirational consumer' is a term coined by Kevin Roberts, the CEO Worldwide of Saatchi & Saatchi:

“They are the ones who promote and advocate for the brand. The ones [...] who suggest improvements and refinements, who create websites and spread the word. They are also the people who act as moral guardians for the brands they love. They make sure the wrongs are righted and hold the brand fast to its stated principles” (Roberts, 2004, p. 170).

This consumer feels connected to the game and/or the producer to such an extent that he/she wants to fund it to make the game possible. Engaging these kinds of consumers can be critical because of what economists call the 80 / 20 rule: “for most consumer products, 80 percent of purchases are made by 20 percent of their consumer base” (Jenkins, 2006, p. 72).

Besides these main categories of consumers, more will certainly develop as the phenomenon of crowdfunding itself develops. Besides different kinds of consumers, I propose that there are three kinds of producers:

- Passive Producer
- Posh Producer
- Active Producer

Again, these categories are not mutually exclusive. These types will be explained below.

3.1.6 Passive Producer

This is the producer who doesn't actively engage the consumers. After creating the project he/she pretty much expects the project to make money if people are

interested. He/she may post one or two updates and/or comment a little, but won't do much more than that.

3.1.7 *Posh Producer*

The posh producer is the producer that is crowdfunding his/her game because Kickstarter and crowdfunding are 'in' right now. This producer assumes that since crowdfunding is such a popular concept, the funding will go automatically. This producer has no real intention of actively involving or engaging the audience.

3.1.8 *Active Producer*

This producer tries to actively engage the audience. He/she tries to appeal to consumers, asks for their opinion and tries to actively involve them in the project. He/she provides regular updates, responds to comments, offers personalized rewards and/or rewards that allow the consumer to be an active part of the design process.

In the following case studies, the behavior of consumers and producers will be identified. This, along with several other criteria that will be introduced, will help describe the relationship between these two actors.

3.2 Case study of a successful project: ORION: Prelude



Figure 2: *ORION: Prelude* game art
Source: <http://spiralgamestudios.com/games>

ORION: Prelude advertises itself on Kickstarter with a catchy phrase: “Like Dinosaurs? Like Mechs? Like Jetpacks? Read on!” (Prassel, 2011, n.p). *ORION* is a “fast-paced Sci-Fi First-Person-Shooter which started out as a *HalfLife 2* Source Mod. It features a retro-vibe, addictive game play and insanely awesome features such as jetpacks,

dinosaurs and vehicular combat” (SpiralGameStudios, n.d., paragraph 1), and is currently being developed by Spiral Game Studios. The game was recently successfully funded on Kickstarter with 176 percent of its initial goal. Its initial goal was \$10,000, but the producers received \$17,686 dollars from their 371 backers.

The relationship between the producer and the consumers will be explored through several categories: rewards, updates and comments, social and other media, producer intentions toward the consumer, and consumer response.

3.2.1 Rewards

No.	Pledge amount	Reward	No. of Backers
1	\$1 or more	Personalized 'Thank You' letter from the developers at Spiral Game Studios	14
2	\$5 or more	Personalized 'Thank You' letter, Special Community Color, Special Community Title	20
3	\$10 or more	Personalized 'Thank You' letter, Special Community Color, Special Community Title, Special Community Signature image, Instant Prelude Multiplayer Beta Access upon launch.	202
4	\$50 or more	Personalized 'Thank You' letter, Special Community Color, Special Community Title, Special Community Signature image, Instant Prelude Multiplayer Beta Access upon launch, All ORION Soundtracks (Digital Download), In-game SILVER icon (scoreboard), ORION T-shirt, Signed Concept Art Piece of your choosing (from 4 pieces)	23
5	\$100 or more	[EVERYTHING FROM ABOVE], In-game GOLD icon, ORION T-shirt, Signed concept art piece of your choosing (from 4 pieces), ORION: Prelude - full game upon release (platform of choice), All DLC is free, In-Game DONOR Jetpack Color, Listed in games credits	96
6	\$500 or more	[EVERYTHING FROM ABOVE], In-game Platinum icon (scoreboard), Personal Art / Ad placed in game in key areas (LCD monitor, Barracks wall, etc), Access to un-released footage and screengrabs	3
7	\$1000 or more	[EVERYTHING FROM ABOVE], Exclusive 'BLACK' & 'WHITE' Multiplayer Armor (for both teams), Exclusive Multiplayer Weapon (1 per team),	3

		Exclusive in-game Dinosaur Decals, Put in as a character for ORION 1's campaign, Achievement named after you.	
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Table 1: Overview of ORION: Prelude's pledge amounts, corresponding rewards and backers
Source: <http://www.kickstarter.com/projects/590373879/orion-prelude?ref=live>

Personalized rewards occur several times in the reward list. Other rewards the producers offer the consumer are community-based, fan-based (or 'swag'; Stuff/Shit We All Get – promotional material), or regard spots in the beta test and exclusive in-game content.

3.2.2 Updates and comments

ORION's producers have posted 24 updates to date (with more coming as the game's development progresses) and 273 comments have been placed on their Kickstarter page. This is substantially higher than the average number of update and comments posted on successful Kickstarter videogame projects. In a small empirical study I executed on Kickstarter's successful and unsuccessful videogame projects, the average number of updates for successful projects was 12.6 and the average number of comments was 96.8. These averages can be seen in figure 4 on the next page.

This short empirical study looks at recently successful and unsuccessful Kickstarter videogame projects (recently being until Wednesday June 8th, 2011). It summarizes the number of updates, comments, backers, the amount of money raised, and the amount of external platforms used for each project. Criteria for successful projects were a goal of at least 1000 dollars and a funding percentage of 150% or more. The criteria for the unsuccessful project were a goal of at least 1000 dollars and 75% or less funded, and they must have failed recently (in the last 6 months). An overview of the results can be found in Appendix A: Successful versus Unsuccessful Projects Data.

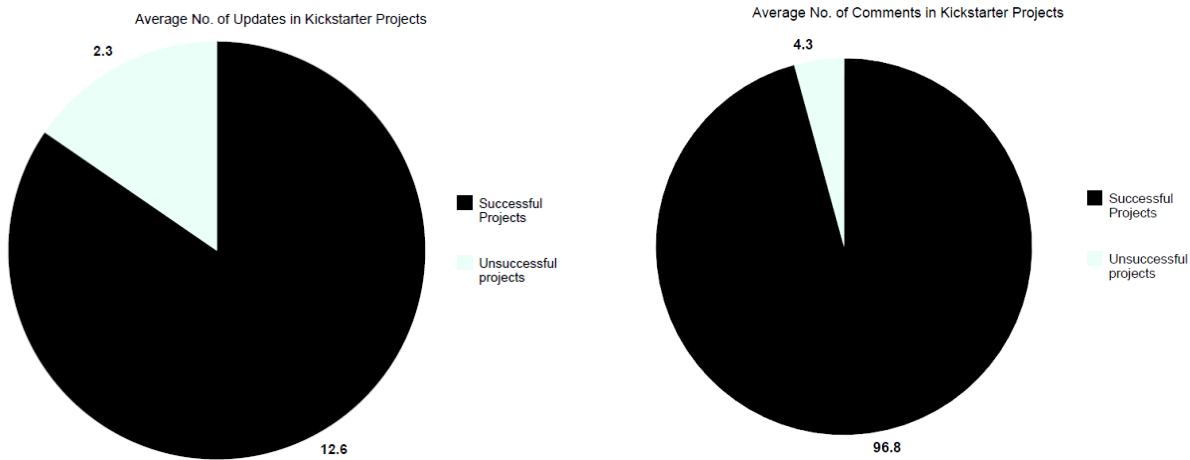


Figure 3: *Left: Average no. of Updates in Kickstarter Projects. Right: Average no. of Comments in Kickstarter Projects.*

Compliant with the average for successful projects, *ORION* shows a high amount of updates and comments. This shows the presence of both the active producer and the active consumer; the producer actively engages the consumer, and the consumer keeps a dialogue with the producer and other consumers.

3.2.3 Social and other media

ORION did not limit itself to Kickstarter during the project's funding process. The producers used several social and other media:

- Company Website: <http://www.spiralgamestudios>
- Community: <http://spiralforums.com/>
- Facebook: <http://www.facebook.com/spiralgamestudios>
- Twitter: <http://twitter.com/#!/SpiralGames>
- YouTube: <http://www.youtube.com/user/SpiralGameStudios>
- Steam: <http://steamcommunity.com/groups/SpiralGameStudios>

Numerous updates can be found on those platforms, together with game images that show the production progress. The producer talks to the consumer and the other way around on these platforms.

The game also received a lot of attention from small to major gaming and technology blogs like Rock, Paper, Shotgun (Rossignol, 2011), Destructoid (Devore, 2011) and even Kotaku (McWhertor, 2011).

3.2.4 Producer intentions

The producer's intentions toward the consumer can be derived from several things:

- Does the producer specifically address the user in the project pitch?
- Does the producer provide a social platform for the consumers and are the

consumers actively engaged?

- Do the rewards chosen by the producer engage the consumer?

First of all, the *ORION* producers emphasize in their project pitch that they are gamers themselves. This can be seen as an attempt to connect with the consumer on a personal level. They also specifically mention that supporting their fans and establishing relationships is part of their mission.

Second of all, the producers actively engage the consumer in the Kickstarter comment section and have even created an entire community forum dedicated completely to the game and the consumers. On the studio's website, they explain their relationship with consumers:

“Spiral Studios is here to serve our fans. We like to keep them in the loop, with news and updates tailor made to pique their curiosity and arouse their interest. We love talking to our fans and we understand that they are the engine that keeps us developing with such energy. Our flagship game, Orion, is at its heart a community-driven game. We've taken the extra effort to ensure that our fans needs are met, their wants are satisfied, and their questions are answered” (SpiralStudios, n.d., n.p).

In short, they recognize the value of fans and the advantages they can bring to a game production. When it comes to the rewards, the producers repeatedly emphasize the word ‘personalized’. They offer consumers personalized *ORION* game rewards in return for their funding, implying that they are relying on consumers turning into actual fans who will love the brand. This seems to be a strategy of appealing to ‘inspirational consumers’.

3.2.5 Consumer response

The amount of comments on the Kickstarter page for this project is very high. This suggests a high user response. The aforementioned community forum contains thousands of comments and numerous discussion topics. We see that the most popular rewards were reward number 3 and 5 (see table 1: ‘Overview of *ORION*: Prelude’s pledge amounts, corresponding rewards and backers’ above for a complete overview).

These rewards cost, respectively, \$10 or more and \$100 or more. These choices suggest the user wants to be part of the community (thus the community rewards), obtain fan items (thus the t-shirt and art) and they want their name on the product (thus the game credit reward). Furthermore, consumers participate in game matches with the producers on Steam (Laborde, 2011), they discuss the game and provide ideas

and feedback on the game forum (with currently close to 1000 comments), and they play the free multiplayer beta to test the game and help work out the technical errors.

3.3 Case study of an unsuccessful project: WanderPets

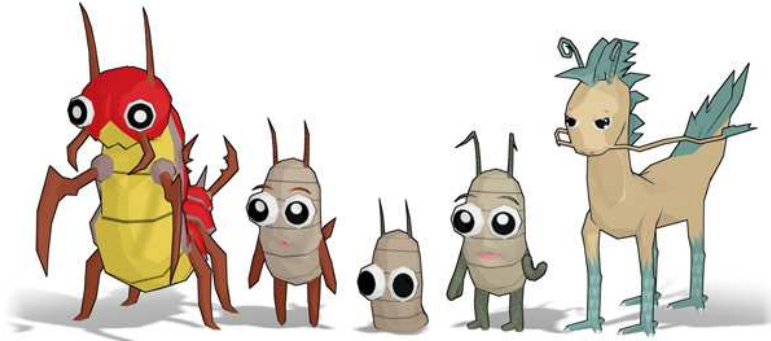


Figure 4: WanderPets character design

Source: <http://www.kickstarter.com/projects/wanderteam/wanderpets-a-gps-enabled-iphone-game?ref=live>

WanderPets is a GPS-enabled iPhone game where you pick a creature to feed, train and play with. You can use your iPhone's GPS to interact with your environment and discover new hidden locations in the game. The game is under development by WanderTeam, a three-man team. The game's funding was recently (June 8th 2011) unsuccessful on Kickstarter with only \$1.416 raised by 40 backers of the \$12.500 goal.

3.3.1 Rewards

No.	Pledge amount	Reward	No. of Backers
1	\$1 or more	Our humble thanks, and access to backer-exclusive project updates.	0
2	\$2 or more	A copy of WanderPets following its iPhone release. The game will be gifted to you through the App Store.	7
3	\$5 or more	WanderPets and a pack of cool in-game items (including some Kickstarter exclusives).	10
4	\$10 or more	All the above, plus a sheet of stickers and a set of HD wallpapers!	5
5	\$25 or more	All the above, plus special thanks in the game's credits!	6
6	\$50 or more	All of the above and an 8"x10" print, signed by the artist.	4
7	\$100 or more	All of the above, plus a personalized sketch, also signed!	2
8	\$200 or more	All of the above, plus access to the WanderPets beta... and design an in-game item! (We have final say on the design, but we'll make sure you get something in.)	1

9	\$500 or more	All of the above, and become a design consultant for WanderTeam and add a personal touch to the game! Includes monthly Skype chats after the release of the beta.	0
10	\$1000 or more	All of the above, and design an evolutionary chain of 3 pets! You give us the ideas, and we'll turn it into a modeled, animated (virtual) reality!	0
11	\$2000 or more	It just wouldn't be Kickstarter without us offering to come cook you dinner and chat about the game. This reward is for East Coasters only, but please contact us if you'd like to arrange something. Includes everything above.	0

Table 2: Overview of WanderPets' pledge amounts, corresponding rewards and backers

Source: <http://www.kickstarter.com/projects/wanderteam/wanderpets-a-gps-enabled-iphone-game?ref=live>

Besides offering the consumers the game itself as a reward, the producers also offer in-game items, access to the beta and special thanks in the credits. Consumers can also design an in-game item (\$200 or more), become a design consultant (\$500 or more) and design an evolutionary chain of 3 pets (\$1000 dollars or more).

3.3.2 Updates and comments

WanderPets' producers posted two updates. Five comments were placed on their project page (Wanderteam, 2011). The average number of updates for unsuccessful projects (see Appendix A) is 2.3, compared to *WanderPets'* two updates. The average number of comments on an unsuccessful project is only 4.3, so *WanderPets* did slightly better than the average by receiving five comments.

3.3.3 Social and other media

WanderTeam set up only one external website:

- Twitter: <http://twitter.com/#!/wanderteam>

Although a twitter page was live, it wasn't used during the actual funding period of 20 days.

The game received very little outside attention, apart from a short article from app-blog 'AppAdvice' (Faust, 2011).

3.3.4 Producer intentions

Although WanderTeam does discuss the importance of the consumer to the project in their video pitch, the rest of their campaign contradicts this.

The team did not post anything on Twitter during the funding process, not utilizing the network as a promotional tool or a tool to connect with consumers. The rewards, however, offer ways for the consumer to be a part of the project and actually design parts of the game. This does require quite a large donation from the consumers.

There were very few project updates. In an interview the producers explained that they “made two updates in the first week, but stopped after it became clear the project wasn’t going to become successful” (Quinn, 2011, n.p.). The first update was posted on May 10th and the second on June 7th, one day before the project ended. There were no updates during the actual duration of the funding. In reply to the question whether they specifically planned to get the consumers’ opinions and to get them involved, design lead Tom Quinn answered with a short “not really” (n.p.). Their primary goal was to raise money and generate publicity, being under the impression that Kickstarter is “kind of ... ‘in vogue’ right now” (n.p.). The complete interview is also available in Appendix B: WanderPets Interview.

3.3.5 Consumer response

The consumer response, as can be derived from the number of comments and the amount of backers and publicity, was fairly low. No community was built up around the project and no real ‘fans’ seemed to arise.

| 4 | Comparison, analysis, general data

The *ORION* and *WanderPets* case studies, together with the empirical analysis of ten successful and ten unsuccessful projects (as attached in Appendix A) allow for an analysis of the relationship between consumer and producer during the crowdfunding process of videogames on Kickstarter.com.

The successful *ORION* project showcases producers actively engaging the consumer by posting updates to keep the consumer informed, by responding to comments, and by providing the users with a forum to discuss the game and give their input. The consumers are in direct contact with the producers: they send them messages, talk to them on the forum, and even have regular online gaming sessions. They participate in the project by funding, testing, making suggestions, posting ideas and promoting the project. They become involved with the project to the extent that they want to see it come into existence so much, that they will dedicate their own time and money to make it happen. The statistics presented in Appendix A show that the producer/user interaction in successful projects is remarkably higher than in unsuccessful projects. *ORION*'s producers formed a relationship with the consumers where the consumers were made to feel involved and valued. In turn, the consumer supported the producer financially, through commitment as well as by promoting the product. The consumers are involved in the production process itself. This process can be in alpha, pre-alpha, beta stage or even pre-production.

The unsuccessful *WanderPets* project shows a willingness to engage consumers through rewards and promises in the project pitch video but a failure to do so in the execution. The producers do not engage the consumer, so the consumers seem to return the favor by not responding and not funding.

In both situations we see a blurring of the lines between consumers and producers, a switch from communicating top-down to interacting with each other “according to a new set of rules that none of us fully understands” (Jenkins, 2006, p. 3). The new set of rules that none of us fully understands also aren't fully understood by the consumers and producers on Kickstarter. In this new set of rules both consumer and producer are still trying to find their place. They are both looking for the way to make crowdfunding as positive a situation for both of them. At times producers actively engage the consumer, and other times they don't or only to a certain extent. The consumers act in the same way, but seem to be in the more powerful position. They hold the decision to fund or not to fund. Ultimately this decides a projects' success.

Without the consumers' active input –whether it's simply the decision and the act of donating money – the game project is unsuccessful.

The data on successful and unsuccessful projects (Appendix A) shows there does seem to be a relationship between user engagement and project success. However, these factors should not necessarily be seen as definite success or failure factors. There are plenty of other factors that can lead to the success or failure of a project (Ringelmann 2010, Conley 2010, Mendelson 2009). What is important to note is that these trends show a certain relationship between the producer and the consumer. The relationship is one that is typical for a phenomenon within a convergence culture.

In a convergence culture traditional producer/consumer relationships are being hustled around. This is, as we have seen, definitely the case at Kickstarter's videogame projects. Instead of the traditional top-down process, the consumer is more actively involved and the producer aims for their active participation, as *ORION*'s developers state: "Through our constant updates, consistent interactions with our fans and press, we are laying out new grounds and blurring out the lines between gamer and game developer" (The Indie Dream).

Crowdfunding is unique from most of the other forms of participation culture in that "it involves an organization-user relationship whereby the organization executes a top-down, managed process that seeks the bottom-up, open, creative input of users in an online community" (Brabham, n.d. p. 10). It mixes the traditional way of doing business with the more recent rise of the active consumer. In this way, the needs of both consumers and producers are kept in high value. This interplay between consumer and producer is an important point, and exactly what matches it to convergence culture:

"Convergence, as we can see, is both a top-down corporate-driven process and a bottom-up consumer-driven process. Corporate convergence coexists with grassroots convergence" (Jenkins, 2006, p. 18). Both types of convergence take place on the Internet and with crowdfunding the two are combined.

Crowdfunding videogame projects on Kickstarter.com are a 'new' form of convergence culture (new as in: not previously identified as). The projects combine the top-down corporate-driven process and the bottom-up consumer-driven process. It seeks to blur the lines between consumer and producer and set new relationship norms. This is a relationship where the producer and consumer are in direct contact, both by the consumer directly financing a project, and also because of the direct communication and participation possibilities.

Conclusion

Crowdfunding offers a promise for all parties involved to gain what they want. On the one hand producers can raise money and get public attention. They can also obtain feedback for the product/service offered, gain knowledge about the preferences of the consumer (Belleflamme et al., 2010) and create a fan base. Consumers, on the other hand, can participate in creating something, be credited on a project, support a project they love and believe in, extend their network, and/or have fun. (Larralde and Schwienbacher, 2010).

So what is the relationship between the consumer and the producer during the crowdfunding process of videogames on Kickstarter, and what implications does this have for the production process?

The process of crowdfunding suggests a blurring of the lines between gamer and game, and thus consumer and producer. Through two in-depth case studies we've seen how producers and consumers interact. As *ORION*'s developers put it; "through our constant updates, consistent interactions with our fans and press, we are laying out new grounds and blurring out the lines between gamer and game developer" (The Indie Dream). Whereas the unsuccessful *WanderPets* project intended to blur these lines as well, they did not act on it. There was no active user engagement in the *WanderPets* project, and this attitude was reciprocated by the consumer.

The empirical data on successful and unsuccessful projects comply with these two cases, showing high user and producer input with successful projects on the one hand, and the opposite on the other with unsuccessful projects.

This shows that the interaction currently present on Kickstarter cannot be seen as a static set of rules. On the contrary, crowdfunding has by far reached its end stage:

"There are reasons to believe that the current manifestations of crowdsourcing [crowdfunding being one of them] is just a prelude to a far more pervasive transformation. Actually, there are about 200 million reasons to believe it. That's the rough number of kids around the world that currently have Internet access" (Howe, 2008, n.p).

This huge number of potential active consumers with access to platforms like Kickstarter shows the potential of platforms like Kickstarter. The use of the Internet

will only become more common for newer generations, supported by the ease of access that the platform offers them.

The interplay between consumers and producers that takes place on Kickstarter has implications for the production process as well. It offers closer collaboration during the production of games and higher (and earlier) user involvement. It also offers a way for producers to affirm the project's potential early on in the development process. The process itself requires some work for producers. To successfully uphold the relationship with the consumer they have to keep the consumer updates and engaged with the project. In many ways the consumer is also actively involved in the design and testing of the games.

We have seen that crowdfunding can be categorized as a convergence culture. Top-down and bottom-up processes are being combined and relationships are being established that even the participants still don't fully understand. It brings a more direct relationship between the two actors. In this relationship both are more available, easier to reach, and more willing to be open and active. Producers now have more direct access to consumers, and consumers to producers. The consumers can be involved in the actual development process which at times can even be the pre-production stage where the producer has nothing but a prototype. It is in these particular cases that the consumer has the opportunity to really feel like they're creating something and are working side by side with the producer.

Crowdfunding holds the potential to turn traditional relationships around and redefine them to the advantage of both actors. It is as Jenkins (2006) urges us to keep in mind: "convergence refers to a process, not an endpoint. (p. 16). The ongoing process of Minecraft is an example of one of the biggest success stories when it comes to game development through crowdfunding. With the help of the crowd, creator Markus Persson (aka 'Notch') became a millionaire, the game became critically acclaimed and its fan base runs into the millions. This is quite an accomplishment for a game that's only in the alpha stage of development (Persson, 2011).

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Appendix A – Successful versus Unsuccessful Projects Data

In this short empirical research ten recent successful and ten recent unsuccessful projects are researched data is collected about the producer/consumer interaction. For this, the game's goal, dollars raised, percentage raised, number of backers, number of updates and comments, and the number of other platforms used per project are documented.

Successful projects - The following criteria apply to successful projects: more than 150% (or equal) funded. Goal at LEAST 1000 dollars, 'recently successful' on Kickstarter on Wednesday June 8th, 2011.

Game	Goal (\$)	Raised (\$)	%	Backers (#)	Website	Updates (#)	Comments (#)	Other platforms (#)
No Time to Explain!	7000	26068	372	2052	<i>tinyBuildGAMES.com</i>	9	166	5
Dungeons: the Eye of Draconus	3000	5177	172	101	<i>SuckerFreeGames.com</i>	2	11	2
Grandroids	27000	56818	210	579	<i>stevegrand.wordpress.com/</i>	21	321	3
Orion: Prelude	10000	17686	176	371	<i>spiralgamestudios.com</i>	24	273	6
CreaVures	3000	5334	177	122	<i>Musegames.com</i>	6	46	5
Cthulhul Saves the World	3000	6898	229	164	<i>Zeboyd.com</i>	10	26	3
Infinite Blank	1000	2379	237	106	<i>infiniteblank.com</i>	22	23	6
Human Contact	2400	7960	331	248	<i>Glyphpress.com</i>	22	21	3
Cracked	3000	4646	154	90	<i>kyleperkins.carbonmade.com</i>	7	10	3
Hadean Lands	8000	31337	391	714	<i>Eblong.com</i>	25	71	2

Unsuccessful projects – The following criteria apply to unsuccessful projects: A goal of at least 1000 dollars, 75% or less funded and it has to be a recent projects (failed in the past 6 months from writing of this paper).

Game	Goal (\$)	Raised (\$)	% (+-)	Backers (#)	Website	Updates (#)	Comments (#)	Other platforms (#)
Scroll Ninja	15000	1373	9%	35	<i>genshin.org</i>	9	10	1
Valor Seed	2200	1187	54%	29	<i>no</i>	1	8	0
Star Saver	10000	1442	14%	50	<i>Pxclpz.com</i>	3	5	4
Spycraft	5500	2218	40%	33	<i>Spycraftgame.com</i>	4	4	3
Feed the Monkey	1000	0	0%	0	<i>No</i>	0	0	0
Legend of the Peach Girl	1000	521	52%	14	<i>Legendofthepeachgirl.wordpress.com</i>	2	9	2
Project Whisperer	15000	160	1%	3	<i>Bansidbestudios.com</i>	1	0	2
Animal Control	1000	155	15%	8	<i>Ratdoggames.com</i>	1	2	2
Private Joe	5000	75	1%	3	<i>no</i>	0	0	0
WanderPets	12500	1416	11%	40	<i>No</i>	2	5	1

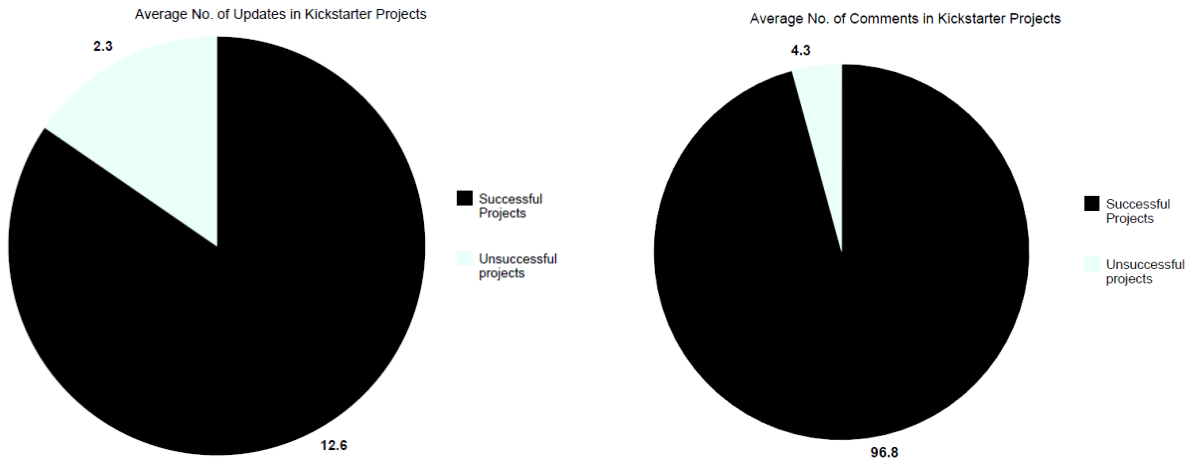


Figure 1: *Left: Average no. of Updates in Kickstarter Projects. Right: Average no. of Comments in Kickstarter Projects.*

Appendix B – WanderPets interview

Interview with Tom Quinn, design lead at WanderTeam – developers of WanderPets.

Q: Are you members of the video game industry, and if so, what do you do?

A: I've worked at a social games company before. I did coding, design and also some writing.

Q: Was there any tactical reason for choosing the rewards like you did?

A: Yes. We chose rewards that would be easy to create and ship. If your rewards are expensive to manufacture, you need to increase your goal to accommodate those costs.

Q: What was your goal (in dollars) and why that amount?

A: \$12,500. We knew we needed around \$10,000, and with Kickstarter's and Amazon's fees, it was a little closer to \$11,500. I just rounded up to the nearest multiple of 2,500.

Q: What did you set out to gain from Kickstarter?

A: Our primary goal for our Kickstarter was of course money. It's also a really great way to generate publicity for your product - people will tend to pay more attention to a project on Kickstarter just because it's kind of... "in vogue" right now.

Q: What do you think of crowdfunding in general? Why did you choose to find funding this way?

A: I have mixed feelings about crowdfunding. I think it can be a career maker for a few people, but I also think sites like Kickstarter are becoming oversaturated with projects. Peoples' money is being spread thinner and thinner, and I think Kickstarter is going to start seeing an exponential drop in successful projects.

Q: How many updates (or at what intervals) have you provided throughout time?

A: We made two updates in the first week, but stopped after it became clear that the project wasn't going to become successful.

Q: What was your intention when it came to your attitude toward the funders? Did you initially specifically plan to get their opinion, get them involved, etcetera? If so, why?

A: Not really.

Q: In what way did you think the funders could be most useful (besides, of course, for the funding!)?

Getting funders to share the project on Facebook and Twitter is pretty important. Once you're no longer on the front page, it becomes one of the only ways new users can find your project.

Q: Did you involve the user (funders) in the development process? If so, in what ways? Try and describe this as detailed as possible.

A: A few of our rewards included offers to affect the design of the game and to add their own personal touches.

Q: How much influence does the user have when it comes to decision making, suggestions, design choices, etcetera? Can you describe a situation where the user influences / changed the game or the development process?

A: The main influence that they've had is in convincing us to pursue an Android version.

Q: In what ways can the user (funder) reach you?

A: We've primarily been reached through Kickstarter messages so far, but we also check the comments on related blog posts.

Q: Were the users mostly passive (just funding) or active (funding, also being a fan, posting comments, watching updates, reading your blog, making suggestions)?

A: To be honest, they were mostly passive. We got a pretty small amount of feedback in comparison to the number of backers.

Q: Did you see any actual user-led initiatives, like fan pages being set up, Facebook groups, levels being designed, etc.?

A: No.

Q: How actively did you campaign? Think of updates, social media, blogs, etc.

A: We very aggressively sent tips to blogs, and encouraged users to share it on Twitter and Facebook.

Q: How do you run a successful crowdfunding campaign? Briefly, by answering;

o Should you actively involve users

A: Users tend to involve themselves if your project interests them.

Q: Is using the Kickstarter platform alone enough?

A: No. You absolutely need coverage from industry blogs to successfully fund your project, which is becoming more and more difficult: Joystiq will only run so many articles about Kickstarts in a week.

Q: What things did you miss from the funders or Kickstarter.com that you would like to see different?

A: I'd like a better system of browsing projects. Once your project is no longer in the "recommended" section, it becomes almost impossible to find.

Q: What are the plans for the future?

A: Luckily, our Kickstarter campaign got us some attention from potential business partners. We will no doubt be teaming up with one of them to develop WanderPets into a full-fledged product.

Q: Do you think properly speaking to the (potential) funders was/is important in getting the project to succeed, and why?

A: I think it can help keep people interested in the project, but the interest needs to be there to begin with. If nobody cares about your project, updates and edits aren't going to make them start caring.