How Kickstarter Makes Money

Idea In Short

Kickstarter launched in 2009 with a simple pitch: let creators raise money directly from the public instead of chasing banks or venture capitalists. Backers pledge toward projects they want to see exist, and creators only collect funds if a campaign hits its stated goal. That all-or-nothing structure, combined with a 5 percent fee on successfully funded campaigns, has powered Kickstarter to more than 651,000 launched projects and over $8.5 billion in total pledges by 2025. The company converted to a public benefit corporation in 2015, formalizing a mission-driven identity that sits alongside its commercial operations. This article traces Kickstarter's origins, how it earns revenue, and the nine parts of its business model canvas.

Micropatronage becomes a platform

Perry Chen conceived the idea behind Kickstarter years before the company existed, after organizing a 2001 concert series in New Orleans that he funded through small contributions from many supporters rather than one large sponsor. Chen partnered with Yancey Strickler and Charles Adler to formalize that concept into a technology platform, launching a beta version in April 2009. Within the year, more than 3,900 projects had been successfully funded, spanning films, music and early-stage gadgets. 1

The Pebble smartwatch campaign in 2012 became one of the clearest proof points for the model's commercial potential. The team sought $100,000 and raised more than $10 million in 37 days, demonstrating that Kickstarter could support hardware startups at a scale traditional venture funding sometimes could not match quickly. That campaign, along with the Oculus Rift's earlier Kickstarter-funded prototype, helped establish crowdfunding as a legitimate early-stage financing path for technology products.

Converting to a public benefit corporation

In 2015, Kickstarter restructured as a public benefit corporation, a legal status that requires the company to consider its impact on society and the environment alongside financial performance. The move formalized values the founders had espoused informally since the platform's earliest days, committing 5 percent of after-tax profits to arts and music education and pledging not to sell external advertising space on the platform. 2

Kickstarter's mission statement is "to help bring creative projects to life."

Leadership changed hands several times in the years that followed. Chen departed in 2013, Strickler stepped down as chief executive in 2017, and the company has since been run by a series of executives including current chief executive Everette Taylor, who took the role in 2023. Ownership rests with the company's shareholders under the public benefit corporation structure rather than any single controlling founder.

Scaling past $8 billion in pledges

By January 2025, Kickstarter had hosted more than 651,000 project launches, with total pledges surpassing $8.5 billion and roughly $7.86 billion of that going toward successfully funded campaigns. More than 24 million people had backed at least one project by August 2025, and over 8 million of those backers had funded more than one campaign. 3

Success rates vary considerably by category. Comics campaigns succeed at the highest rate of any category, followed by dance and theater projects, reflecting how established fan communities and modest funding goals in those categories translate into reliable outcomes. Larger hardware and technology campaigns tend to draw more total dollars but face steeper odds of reaching ambitious funding targets.

Standing out among crowdfunding rivals

Indiegogo remains Kickstarter's closest direct competitor, differentiating itself with flexible funding options that let creators keep pledged funds even if they miss their goal. Patreon has carved out the recurring-membership niche that Kickstarter's project-based model does not address, becoming the preferred platform for creators seeking ongoing rather than one-

time support. GoFundMe dominates personal and charitable fundraising, a category distinct from Kickstarter's creative-project focus, while specialized platforms like Crowd Supply and Seedrs serve narrower hardware and equity-crowdfunding niches respectively. 4

Funding causes beyond products

Kickstarter has occasionally hosted campaigns tied to social and political causes rather than commercial products. A 2017 campaign supporting the American Civil Liberties Union, launched in response to a travel ban imposed by the Trump administration, raised more than $24 million, ranking among the largest crowdfunding efforts ever recorded on the platform. That episode showed how Kickstarter's fundraising mechanics could extend well beyond the creative-project use case the company was originally built around, even though such campaigns remain the exception rather than the norm. 5

Intellectual property risk for creators

Launching a product publicly on Kickstarter before it reaches manufacturing exposes creators to a real risk: competitors can view detailed campaign pages and, in some documented cases, copy the underlying product design before the original creator ships. Kickstarter has added guidelines discouraging prototype-only campaigns and requiring evidence of a working product, but enforcement depends heavily on creators pursuing their own legal remedies. That tension between openness, which helps campaigns build trust with backers, and intellectual property protection remains one of the platform's persistent criticisms.

Key Partners

Payment processors handle the credit card transactions that move pledged funds from backers to successfully funded creators, forming an essential operational partnership for Kickstarter. Project creators themselves function as partners in a sense, since their campaigns generate the content and activity that draws backers to the platform. Media outlets that cover notable campaigns provide free publicity that drives new backer traffic, and creative communities, ranging from filmmaker networks to hardware startup incubators, help funnel prospective creators toward the platform.

Key Activities

Curating and promoting projects on the platform's homepage and category pages helps surface campaigns likely to succeed, directly affecting both creator outcomes and Kickstarter's fee revenue. Facilitating payments between backers and creators requires reliable technical infrastructure that can handle surges in traffic during high-profile campaign launches. Customer support teams field questions from both creators navigating the campaign process and backers seeking updates on projects they have funded. Ongoing platform maintenance and fraud prevention protect the trust that both sides of the marketplace depend on.

Key Resources

Kickstarter's technology platform, including its campaign-building tools and payment infrastructure, represents the core asset that enables the entire business. Accumulated user data on backer behavior and project performance helps the company refine which campaigns to feature and how to reduce failed or fraudulent projects. The Kickstarter brand itself carries significant recognition value, having become synonymous with crowdfunding in popular usage. Staff expertise in categories like film, design and technology helps the company curate projects effectively and support creators through the campaign process.

Value Propositions

Project creators gain access to a large built-in audience of potential backers without paying anything upfront, since Kickstarter only collects fees on successfully funded campaigns. Backers get to discover and support projects that resonate with their interests, often receiving exclusive rewards unavailable through retail channels. The platform provides creators a way to validate market demand before committing to full-scale production, reducing the financial risk of launching an unproven product. Journalists and industry professionals use Kickstarter as a source of early-stage stories and emerging trends across creative and technology fields.

Customer Relationships

Kickstarter communicates with creators and backers primarily through email updates, in-app notifications and a dedicated customer support center for account and payment issues. Backer updates posted by creators during and after a campaign keep supporters informed about project progress, a feature the platform actively encourages. Community forums allow

backers and creators to exchange feedback outside the direct campaign page. The company also engages its user base through occasional events and social media activity tied to notable campaigns.

Channels

The Kickstarter website serves as the primary channel where the large majority of campaign discovery and pledging occurs. Mobile apps for Android and iOS extend that access to users browsing and backing projects on the go. Social media platforms amplify individual campaigns as creators and backers share links within their own networks. Email newsletters and live chat support round out the channels the platform uses to keep both sides of the marketplace engaged.

Customer Segments

Project creators, spanning independent filmmakers, musicians, designers and hardware entrepreneurs, form one core segment seeking funding without traditional financing sources. Backers, the individuals pledging money toward projects, represent Kickstarter's largest segment by sheer volume and range from casual one-time supporters to repeat backers who fund dozens of campaigns. Industry professionals use the platform to test market demand before committing to larger production runs. Journalists and media outlets constitute a smaller segment that treats Kickstarter campaigns as a recurring source of coverage-worthy stories.

Cost Structure

Technology infrastructure and platform maintenance account for a significant share of Kickstarter's costs, covering hosting, payment processing integration and ongoing feature development. Personnel costs across engineering, curation, trust and safety, and customer support represent another major expense category. Marketing and promotional spending helps attract new creators and backers to the platform, while legal compliance costs have grown as Kickstarter operates across multiple countries with differing consumer protection and taxation rules.

Revenue Streams

Funding fees, a 5 percent charge on the total amount raised by successfully funded projects, form Kickstarter's primary revenue source. Payment processing fees, typically ranging from 3 to 5 percent and charged alongside the funding fee, add a second layer of transaction-based revenue. Advertising revenue, generated when creators pay to promote their campaigns for greater visibility, contributes a smaller supplementary stream on top of the platform's core fee-based model.

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Summary

Kickstarter's model succeeds because it aligns incentives simply: the company earns nothing unless creators succeed in reaching their funding goals. That structure has funded everything from the Pebble smartwatch to independent films, while also exposing backers to the risk that a funded project never ships. Competition from Indiegogo's flexible funding, Patreon's recurring-subscription approach and GoFundMe's cause-based model means Kickstarter must keep proving its platform is the right home for ambitious creative and hardware projects specifically. As a public benefit corporation, Kickstarter answers to a broader mandate than pure profit maximization, a status that shapes decisions around fees, categories and community moderation. Whether that structure helps or limits its ability to compete with venture-backed rivals will continue to test the company in the years ahead.