

Program Development for Fashion E-Commerce Accelerator Using Co-Creation Double Diamond

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ABSTRACT

Clothing or fashion is one of the basic needs of humans. The market size is very large, with diverse segmentations and very tight competition between companies and their producers. Nowadays, with the development of information technology, access to the internet that is increasingly evenly distributed, and the development of technological devices that are accessible to all levels of society, a new habit of shopping online has also developed. People's behaviour is starting to change by adopting easier online shopping habits. This has led to an increase in fashion entrepreneurs selling online. The advantages of selling online are the low fixed costs that must be incurred because there is no need to open a physical shop and the ease of analytic measurements as a value matrix for evaluating strategy. Unfortunately, the proliferation of online sales is dominated by imported products, especially from China, which is indeed cheaper than domestic products. However, many domestic products are available in the market that is quite good and can compete with imported products. In the effort to encourage fashion entrepreneurs to compete with imported products, a mentoring program and access to the necessary facilities are needed to develop the products of fashion entrepreneurs. The Accelerator is a program that provides assistance, workshops, facilities, and access needed by fashion entrepreneurs to develop their business. By using the co-creation method with a double diamond model, this research examines the materials and facilities needed by fashion entrepreneurs. The co-creation result is a prototype that can then be iterated again to continue to help fashion entrepreneurs in the future containing three things: (1) Topic materials fashion startups need to learn to expand their business, (2) Facilities fashion startups need to access to grow faster, (3) the appropriate business model to help the sustainability of the Accelerator.

Keywords: *co-creation, double diamond model, fashion entrepreneur, Accelerator, fashion startup.*

1. INTRODUCTION

Ecommerce transaction numbers are increasing rapidly from year to year. 93% of internet users in Indonesia search for a product online intending to buy, 90% visited an online retail store, and 88% of them purchased a product online. (We Are Social, Hootsuite, 2020).

In Indonesia, fashion customer spending is \$4,79 Billion with 14.6% market share and 54% growth year-on-year-second only travel and accommodation at \$13,06 billion, 39.7% market share, and 15% growth year-on-year. (We Are Social, Hootsuite, 2020).

According to an e-economy SEA report by Google, Temasek, & BAIN & Company (Google et al., 2020), there are 37% of new consumers to internet economy

services during the pandemic. A 37% increase for a year is beyond the forecast. Covid-19 has pushed society to adapt to a new normal approach. 93% of new consumers stated that they would continue to use at least one of the digital services post-COVID-19—this number has shown that the change of attitudes is here to stay. The number of average hours spent online per day is also increasing after lockdown. It means that people's habits change because of the pandemic; even the lockdown is opened. (Google et al., 2020).

However, the digital economy growth in e-commerce mostly flooded the market with imported goods. It's said that 93% of products in the marketplace platform like BukaLapak, Tokopedia, Shopee are imported products. (Anwar, 2018). Leaving Indonesian products suffering because of their inability to compete

in price. There are several products that can thrive and compete with imported goods. This phenomenon shows everyone that it is impossible to compete with imported products with proper strategy and tools. Unfortunately, not everyone has the knowledge and access to the tools and network they need to build a successful venture. This makes the importance of Accelerator to help fashion startup.

The research questions are: (1) Accelerator need to understand what knowledge materials and facilities fashion startup needs, (2) Accelerator need to understand what facilities fashion startups need. (3) Accelerator needs to determine the appropriate business model to maintain its sustainability.

2. LITERATURE REVIEW

The Accelerator has four distinctive factors that make them different than incubators. They usually have a fixed time program, based on cohort, heavily driven by mentorship, and the program will end with demo day as their graduation. (Hathaway, 2016).

Table 1. Spend Value, Market Share, and Growth per category in Indonesia e-commerce

Category	Spend Value (in a million \$)	Market Share	Growth
Fashion & Beauty	4,790	14.60%	54%
Electronics	4,730	14.40%	48%
Food & Personal Care	3,170	9.60%	60%
Furniture & Appliances	2,910	8.90%	57%
Toys, DIY & Hobbies	3,160	9.60%	67%
Travels & Accommodation	13,060	39.70%	15%
Digital Music	119	0.40%	5.70%

Source: Indonesia Digital 2020, we are social, hootsuite (2020)

Co-creation has many models. In this research, the double diamond model is used. It is a visual representation of the design and innovation process. The double diamonds model is simple enough to use as a framework, but covers both problems and solutions. (Doorley et al., 2018)

3. METHODOLOGY

The double diamond design is basically divided into 2 phases. (Doorley et al., 2018) First is designing the right thing: In this phase, the designer teams mainly work on the right problem. Most of the time, there are

many problems we want to solve with our products or services; however, we need to make sure what issues are most important to solve.

The second phase is designing things right: After defining what problem we want to solve, we need to get as many ideas as possible to solve the problems and filter it to a few great ideas to execute. (Buckley, 2018).

There are five participants that invited to attend the session. Participants are the stakeholder of the fashion industry and have experience in it. Each of the participants should have a different background to give a diverse perspective in the session. It takes four to six hours for a session of co-creation with a maximum of five participants. During the session, participants are encouraged to give opinions and thought as many as possible without judgements. The idea behind this is to make sure there are less bias and blind spot. The discussion between participants is held when they are asked to categorize of their opinion and thought in the board. The voting system is used at the end of the session to choose or prioritize result.

4. FINDINGS AND ARGUMENT

Fashion Accelerator focusing on fashion e-commerce entrepreneurs needs to build the right program, facilities, and business model to help fashion startups grow 3-5X year on year. Fashion startups this Accelerator look for already has revenue. What internal and external factor that influences their grow? What program and facilities that can help them based on factors mentioned?

In the discover session, participants are asked to mention as much as they can about internal and external factors that can influence the fashion entrepreneur's success without any judgment. We get 39 answers from 5 participants to consist of 29 answers in internal factors and 10 answers in external factors.

In the define session, we ask the participants to cluster their answers together and define a new name for each cluster they have. From 39 items, they narrowed it down to become 8 clusters with a specific name for each cluster. Each of the participants was then given three votes to pick which cluster they think are the most important to solve. Five clusters with the most votes are team management, product concept, networking, marketing, and founder leadership.

In develop session, we try to answer how might we question from the previous session and again come up with as many answers as possible without judgment. There is 32 answer from all the participants.

We are arranging the answers into clusters during deliver session to make it easier for us to discuss. After that, we take the problem we want to solve and link up the problem and the solution to ensure no problem hasn't been addressed with solutions. After participants make sure all the problems are addressed, they then voted for the solution they prioritize to execute. This way, we can see what solution needed to be in the Accelerator.

Other findings aside from the board are (1) Startup revenue should be between 50.000.000 and 200.000.000, in this range, the fashion entrepreneurs should have product-market fit already and still have room for 3-5X revenue increase. (2) Fashion startup has to have a brand story, to make sure the brand ability to penetrate the market (3) The brand should have complete founders/team. (4) The total addressable market is big, and the brand has USP/UVP. (5) The session should be conducted online (6) Become an Accelerator for fashion businesses looking for why, innovation and marketing penetrate the o2o world market by building brand syndication that creates crowdsourcing knowledge, knowing how, the efficiency of shared resources, and having a network effect.

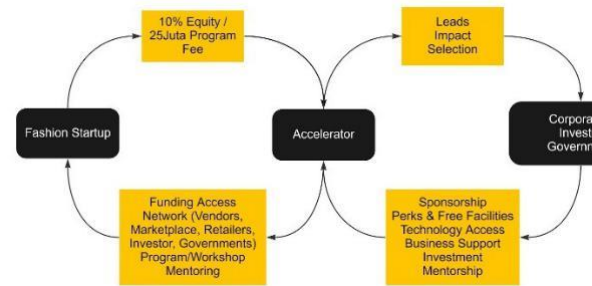
The business model formulation uses business model canvas formulation (Osterwalder et al., 2010). The main customer segments are Fashion entrepreneurs. However, there is also another customer, such as governments, companies, non-government organizations, and investors. Value Propositions of the Accelerator provide fashion entrepreneurs with fashion business programs, funding access, network access to investors, vendors, companies, mentoring, and content production support. For NGOs, governments, companies, and investors, the Accelerator can provide lead generation, fashion startup curation, impact. Customer relationships are personal and in-depth, and community-based.

Channels that the Accelerator will use is online marketing, business meeting, and partnership to maintain the relationship between Accelerator and the stakeholders close.

Revenue streams of the Accelerator come from sponsorship from NGO, corporation, and government, equity or program fee from fashion startup. The cost structure of the Accelerator is program cost, marketing cost, salary, operational cost. Key Partners of the Accelerator need to run the business operations are vendors and suppliers, online marketplace, funding partners, investors, and retail industry. Key Activities that Accelerator does are mentoring and workshop for fashion startups, matchmaking between fashion startup and suitable governments program, corporations, and NGOs programs, and demo day. Key Resources of the Accelerator needs to have to run the business operations are mentors to run the mentoring and workshop for the fashion startups, and network to do the matchmaking and demo day.

The relationship between The Accelerator, fashion startup, and partners (corporations, investors, governments) is explained as follows.

Figure 1. Relationship between each stakeholder



What Accelerator gives to fashion startup are (1) access to funding, one of the significant problems in fashion startups is maintaining cashflow between low and high season. With capital access, fashion startups can run their business smoothly. (2) vast network to vendors, marketplace, retailers, governments, and investors. (3) programs and workshops to help fashion startup expanding their business. (4) mentoring session to accommodate the unique need of each startup.

What fashion startup gives to Accelerator are fashion startups need to commit by share 10% of their equity or pay a 25.000.000 program fee.

What Accelerator give to partners (corporations, government, investor, NGOs) are (1) lead generating for the corporation, government, and NGO. The leads can be submitted into their programs and product. (2) the Accelerator program can impact society and the economy and contribute to the government economy program. (3) the program can act as curation and selection by looking at the end result of the acceleration.

The investor can learn more about the journey of fashion startups before investing in them.

What partners (corporations, government, investors, NGOs) can give to Accelerator are (1) sponsorship for the Accelerator participant to enroll in the free or subsidized program in exchange for a particular commitment. (2) perks or free facilities for the Accelerator participant related to expanding their business. (3) technology access for Accelerator participants to use and (4) business support for the Accelerator participants.

5. CONCLUSION

From the discussion, it can be concluded that:

1. The Accelerator program can be held online, but must consist of five major topics: team management, product concept, networking, marketing, and leadership.
2. Facilities that fashion entrepreneurs need are funding access, mentoring, raw material access, sample production, production facility, content production, marketplace access.
3. The business model of the Accelerator is offering a program that the fashion startups need to pay program fee or give equity to enroll. The Accelerator also opens for a sponsorship opportunity to give fashion startup free program or subsidized program. With this business model, Accelerator can reach sustainability.

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