Merging Physical and Digital: Singapore Cases [1]

We the People-First Kickstarter store in Singapore

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The Singapore Cases

One of the major aims of Singapore's government is to make Singapore the first Smart City in the world[2]. Singapore was first to introduce a nationwide 4G network in Southeast Asia[3] and it is currently developing a nation-wide free wifi network. According to a ranking published by IESE[4] it is one of the most rapidly developing cities in the area of connectivity, ranking number one in Southeast Asia. As such, Singapore is a great place to spot innovative digital concepts and gather new ideas on connectivity. To explore the latest developments, local field research was carried out over the past half year. Our observations and insights on business innovation and connectivity are shared in a series of white papers; The Singapore Cases, from which this white paper is the first in this series.

We the People: combining digital and physical

A store where shoes tie themselves and plants are watered automatically while floating in the air. This is the creativity and innovation one can find in the first Kickstarter store, recently opened in Singapore[5]. The store is named ''We the People' as it is created by the people, for the people'[6]. The store presents selected products and services which are crowdfunded on the Kickstarter website. The lay-out is similar to that of any store, where sample projects are put on display with a short description placed next to it. People are then invited to contribute money at the cashier, to whom they are also welcomed to ask questions regarding the investment process and the different projects. They currently present projects in the categories of accessories, bags, travel, watches and home & living.

By opening a brick and mortar store, the already easily accessible crowdfunding investments become even more accessible. The store provides the opportunity to actually feel the product or prototype before investing in its production and potentially buying it in the future. It provides more peace of mind when investing, as the investors do not need to scrutinize online sources for the legitimacy of the product. Thereby, more people feel encouraged to invest, as a higher feeling of involvement in the project is created, and becoming a project backer becomes more accessible[6].

Furthermore, the physical space of a store provides opportunity to host events to further promote, not only the store and the Kickstarter website, but also the projects themselves. In October 2016 the store held "Live Funding" events, where the participating projects were dedicated to stations in the store and around the mall where people could meet the creators and follow live how much was donated and how close the projects were to their targets[6]. By placing physical stations in the store and mall, the project would gain more attention and create the feeling of urgency for investors to fund money.

The store has been such a success in Singapore; it is expanding to other locations in Asia, starting in South Korea. They recently have been allocated spots in the Hyundai Departmental Store in Seoul and in the Shinsegae department stores in Busan[6]. If the success streak continues, the store hopes to expand to Thailand, Indonesia, Japan and Hong Kong.

Kickstarter: crowdfunded website

Kickstarter, established in 2009, is an originally American public-benefit corporation based in New York[7]. It maintains a global crowdfunding platform that is focussed on innovation and 'help bring creative projects to life'[7]. Projects can be posted with pictures, videos and a description by the entrepreneurs, to raise money for its final development. Then, through the website, many consumer-investors contribute relatively small amounts over a certain time period. People who help fund Kickstarter and its projects receive tangible rewards in exchange, like extra access and participation in the project or free technical support[8]. However, the problem with platforms like Kickstarter, is that only financial efforts are rewarded, not so much the marketing efforts[9]. Therefore, the effort of the crowd to solely promote certain projects to bring it to the attention of potential investors, is not rewarded unless they invest money themselves. Even though, this would help the website and the project reach their purpose, and raising the probability of reaching their target.

However, posting the project on the website itself, already allows for the projects to reach a bigger market of inventors compared to more traditional fundraising paths such as networking with business angels. To this day, the website has already helped fund over 127.000 projects including, films, products, technologies and much more[10]. The crowdfunding aspect, allows investments to go directly to their audiences, who in turn, fund their work and in the process market their product to the general public visiting the website. Furthermore, posting the projects on the website has also caused many interesting and unique Kickstarter projects to be featured in other media. This in turn further promotes awareness of the project and for a crowd of people to invest in it.

Bringing the outside-in: the customer within the innovation process

The concept of the store brings the idea of digital crowdfunding to life, possibly catalysing a major shift in the industry. The We the People store is located in a mall in the city centre and may be visited by people who might not have been very familiar with the concept, and can hereby not only be introduced to digital crowdfunding, but also start participating immediately. Thereby, it seems to be integrating into everyday life which might incentivise more people to realise the accessibility and potential of crowdfunding, not only as an investor, but also as a creator and entrepreneur. The concept of the store causes product idea generation to become more tangible, whereby the threshold might be lowered to actually turn one's own idea into a Kickstarter project.

Even though, the store has yet to publish concrete numbers on its success, the expansion of the initiative indicates its popularity. Therefore, one could infer, more stores might start to copy the concept of the We the People store and rely on crowdfunding. This might take customer orientation to new heights as the projects are funded by the people, for the people. The product concepts already seem to go through a live general product-market fit test at the prototype stage. The one's that get (over) funded seem to clearly have the right fit, whereas those who do not reach their target, might

receive feedback on why it did not work and how it could be improved. Hereby, the store seems to provide this immediate (general) consumer feedback, already in the product development phase.

The store could also correct the previously stated unequal monetary rewards problem posed by the Kickstarter internet platform. The store allows advertisement to be more measurable, as backers could significantly contribute to the projects advertising and funding, by getting it placed in the store. Thereby, a system could be put into place for the backers to receive rewards for the amount of time they helped the project to be featured in the store. This could, for example, be through a voting or points allocation system to restrict the amount of projects one can encourage. Hereby, the backers are not only incentivised to provide financial support but also marketing support.

Furthermore, the store could help in the process of solving the old problem that consumers often do not know what they want or need. Currently, truly innovative projects might fall behind as the public is not truly ready for it and is therefore not willing to fund it. Maybe by encouraging marketing efforts by investors to place the products in the store, it would provide the opportunity for the public to experience and learn about the innovative project. Consumers and potential investors might thereby become more educated in these potential future needs and also become more willing to invest in these radical innovative projects.

Therefore, the We the People store presents a major step in future product development, as it allows for a quicker development process by circumventing the traditional investment procedures. It solves certain critical problems of online crowdfunding including the lack of marketing rewards and consumer education. Lastly, it allows for start-ups to become truly consumer oriented, as the products are scrutinized by the public before even being introduced to it. We envision this could result in an even more consumer oriented future.

Fundamental and Applied Research: Beyond Competition Research Foundation
Within our Beyond Competition Research Foundation we are active to further define and explore the topics of digital business and customer value in a phygital world. In case you would like to participate in this research or would like to fund our research in this area. Please contact us at +31 85 0290175 or info@beyondcompetitionfoundation.org.

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[2] https://www.smartnation.sg/initiatives/
[3] https://www.techinasia.com/state-of-4g-southeast-asia-2013
[4] http://www.ieseinsight.com/doc.aspx?id=1679
[5] We the People store in Singapore opened on the 3rd of September 2016.
[6] https://wethepeoplestore.wordpress.com/
[7] https://www.kickstarter.com/about
[8] Kuppuswamy, V. and Bayus, B. L. (2015). *Crowdfunding Creative Ideas: The Dynamics of Project Backers in Kickstarter.* UNC Kenan-Flagler Research Paper No. 2013-15. Available at SSRN: https://ssrn.com/abstract=2234765 [Retrieved on the 15th of November 2016].
[9] Qiu, C. (2013). *Issues in Crowdfunding: Theoretical and Empirical Investigation on Kickstarter.* Available at https://ssrn.com/abstract=2345872 [Retrieved on the 12th of November 2016].
[10] https://www.kickstarter.com/help/stats?ref=hello [Retrieved on the 27th of March 2017]