



## Value Co-creation in Crowdfunding Apparel Design: A Comparative Case Study in the United States of America and South Korea

Hyosun An, Eunsun Lee and Minjung Park

Department of Fashion Industry, Ewha Womans University, South Korea

Keywords: crowdfunding, apparel design, value co-creation, contents analysis, case study

### Introduction

Crowdfunding is the practice of funding a new project by soliciting small- to medium-sized investments from a large number of people (Burthch et al., 2013). A crowdfunding platform serves as a computer-mediated communication tool for project creators and supporters. Creators continuously inform the product's value through project descriptions, comments, updates, Q&A, and FAQs. Supporters are involved in the product development stage and voice their expectations, evaluations, and requirements before the product is launched. As such, product design development, an internal activity of a company, becomes acknowledged as a value co-creation activity carried out in collaboration with consumers (Chang & Taylor, 2016; Hoyer et al., 2010). The literature on crowdfunding in apparel design has extensively explored the characteristics of projects under the framework of the value co-creation process applied to success factors (Chiesa et al., 2022). However, the sector-specific factors between value co-creation and product design have received scant attention. This study investigates crowdfunding apparel projects in South Korea and the United States of America (USA) to compare design factors associated with value co-creation. This study is significant since it offers both practical and academic insight into value co-creation in crowdfunding apparel design.

### Literature Review

#### Value co-creation in crowdfunding

Crowdfunding is considered a service ecosystem where designs are co-produced and value co-created. Quero et al. (2017) have identified seven value co-creation categories: co-ideation, co-evaluation, co-design, co-testing, co-launch, co-investment, and co-consumption of the crowdfunding ecosystem. Creators can primarily test supporters' perceptions of a product and mitigate the risks associated with unknown demand before making significant financial commitments. In reward-based crowdfunding in apparel, the subject of the current study, creators employ a variety of reward schemes, such as price discounts, early delivery of products, special editions, or personalized products, to encourage contributions from individual backers and allow them to get involved in the creative process. Creators may receive feedback from supporters to further develop and refine their creative work.

## Consumer co-design and design criteria in apparel

Apparel is one of the most innovative creative industries. While it is easy to enter the industry, most businesses struggle to stay afloat. Especially in the design field, designers often apply collaborative design with investors where a combination of community, cooperative, and collaborative design occurs during the project design period (King, 1989). Anderson-Connell et al. (2002) used “co-design” to describe the collaborative relationship between consumers and manufacturers, which refers to the process of interaction between a designer and a consumer. Lamb and Kallal (1992) explained that the consumer needs model provides an overall conceptual framework for apparel design. It considers the functional, expressive, and aesthetic criteria in the design of apparel. The key feature of the model is that it facilitates resolution of design problems within the cultural context of the users and allows a designer to advocate for specific design values.

### Methods

This study employed a contents analysis approach to analyze the design factors linked to value co-creation. Specifically, Lamb and Kallal's (1992) consumer needs model was applied to determine which design factors are closely linked to value co-creation in apparel design. A total of 120 cases were analyzed, and a comparative cross-case study approach was employed to investigate the differences between the two countries. First of all, the study examined the value co-creation activities of the creators and the supporters in reward-based apparel crowdfunding platforms. Second, data on crowdfunding apparel projects were collected from Kickstarter, Indiegogo, Wadiz, Tumblbug—the largest crowdfunding platforms in the USA and South Korea. We selected 30 cases from each of the four platforms based on the highest funding rate, funding amount, and number of supporters. Co-design values that appear in each case were categorized under the apparel design framework proposed by Lamb and Kallal (1992). Two coders reviewed the crowdfunding sites numerous times and extracted 25 design factors corresponding to functional, expressive, and aesthetic apparel design criteria to develop a content analysis coding frame. Additionally, to maintain consistency and objectivity between coders, coding results were subjected to peer review. Third, the cross-country case study approach compared and analyzed design factors associated with value co-creation.

### Findings and Discussion

First, seven value co-creation activities in the reward-based apparel crowdfunding were identified. Interactions between the creators and the supporters for collaborative and customized design at each stage were defined. During the co-ideation and co-design processes, creators used social media surveys to learn about their supporters' design needs and preferences and offered a variety of design possibilities on the crowdfunding platforms. Second, functional design factor (67.5%) was at the most considerable rate in crowdfunding apparel value co-creation; it included design characteristics of fit, mobility, comfort, and protection under new technology and intelligent fabric. Expressive design factors included various values of eco-friendliness, sustainability, animal

protection, human rights, brand, fun, etc. Logos, materials, prints and patterns in apparel exhibited their value. Third, the result of the cross-case analysis of value co-creation between the countries revealed differences in content and ratio in aesthetic design factors. In the instance of Korea, value co-creation for the “modernization of traditional clothes” was active, whereas in the USA, value co-creation was somewhat passive, with just 9% of the crowdfunding apparel projects relating to “dressy appearance.”

### Conclusions and Further Research

A contents analysis was performed to gain a better understanding of value co-creation in crowdfunding apparel projects. The findings reveal a successful way of operating. The creators of crowdfunding apparel were provided with design factors that aligned with the country's value co-creation strategy. Furthermore, this study is also significant in that it broadens the scope of Lamb & Kallal's (1992) apparel design framework besides investigating value co-creation between creators and consumers.

### References

- Anderson-Connell, L.J., Ulrich, P.V. and Brannon, E.L. (2002), “A consumer-driven model for mass customization in the apparel market”, *Journal of Fashion Marketing and Management*, Vol. 6 No. 3, pp. 240-58.
- Burtch, G., Ghose, A., & Wattal, S. (2013). An empirical examination of the antecedents and consequences of contribution patterns in crowd-funded markets. *Information Systems Research*, 24(3), 499-519.
- Chang, W., & Taylor, S. A. (2016). The effectiveness of customer participation in new product development: A meta-analysis. *Journal of Marketing*, 80(1), 47-64.
- Chiesa, D. C., Pavlova, A., Lavanga, M., & Pysana, N. (2022). When fashion meets crowdfunding: exploring sustainable and innovative features of online campaigns. *Journal of Fashion Marketing and Management: An International Journal*.
- King, S. (1989), *Co-Design: A Process of Design Participation*, Van Nostrand Reinhold, New York, NY.
- Lamb, J. M., & Kallal, M. J. (1992). A conceptual framework for apparel design. *Clothing and Textiles Research Journal*, 10(2), 42-47.
- Quero, M. J., Ventura, R., & Kelleher, C. (2017). Value-in-context in crowdfunding ecosystems: How context frames value co-creation. *Service Business*, 11(2), 405-425.