# New Product Development Using Lean Startup Methodology (Case Study: The Atsomee)

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***Abstract****. Fashion itself is one of the dominant sub-sectors in contributing to the economy in Indonesia. The Atsomee is a new player in the sustainable fashion industry selling clothing for women. With so many competitors in the same field, The Atsomee must continue to pursue and innovate. The need for new products is one of the crucial things in running a business in the fashion sector. In addition, the existence of product variants is very much needed for The Atsomee because it has spent several months without launching a new product. This study uses the Lean Startup method in developing its new product. The use of this method involves the customer/prospective customer in determining product development with the hope that the resulting product is in accordance with the needs and desires of the customer itself. This study uses interviews and questionnaires to determine product validation, market validation, and also business validation. The results obtained will then be used as the main data for the manufacture of new products for The Atsomee.*

***Keywords****: Fashion, lean startup, new product development, product variants.*

# INTRODUCTION

In facing increasing business competition, business requires companies to act quickly and appropriately in facing competition in a very dynamic and uncertain business environment. Therefore, every company is required to compete competitively in terms of creating and retaining loyal customers. One of the businesses now competing a lot is a business engaged in the fashion industry. Every business that is engaged in the fashion industry and other industries are competing to attract consumer buying interest in the products offered. Consumer buying interest can be influenced by product variations, product models, as well as materials, and comfort.

Product variations are not new to be used as a strategy by a company because it affects consumer buying interest. Many companies have various kinds of product variations as a strategy so that consumers get the products they want and need. According to Kotler (2008) the use of this strategy is to gain additional profit, satisfy dealers, use excess capacity, become a leading full-line company, and enter the hole to get rid of competitors. Therefore, a company must continue to innovate and make new product developments regularly so that consumers do not get bored and increase consumer buying interest. But to achieve products that match the needs and desires of consumers, feedback from consumers is needed on the products being developed.

Therefore, a company must continue to innovate and make new product developments regularly so that consumers do not get bored and increase consumer buying interest. But to achieve products that match the needs and desires of consumers, feedback from consumers is needed on the products being developed. To overcome this problem, this research uses the Lean Startup methodology. This method will focus on the product being developed and the feedback obtained from customers. This is done to evaluate the ongoing work and make the product as desired by the customer.

The Atsomee is an Indonesian local brand established in October 2020 that sells apparel for women. The Atsomee's design philosophy is minimalist, and it emphasizes recycling, reducing production, and packaging waste. In general women aged 20-33 years are the main target, who have minimalistic personalities, care about the environment, and like practical things. Currently, The Atsomee only sells 5 product variants with 3 color variants, namely black, white, and cream. The company pays great attention to the use of materials so that customers can be comfortable when using it for a long time. After running for 8 months, The Atsomee did not create new product development and also did not add variants of its products, causing a decrease in sales. This is a major concern for The Atsomee's business continuity, so new product development is needed. New product development that is carried out must also be right on target in accordance with the wishes and needs of consumers. So that feedback from consumers is very influential in the product.

# METHOD

In collecting primary data, the author collects the data itself through interviews and observations. According to Malhotra, qualitative research provides insight and understanding of problem setting, whereas quantitative research seeks to measure data and usually applies some form of statistical analysis (Malhotra, 2004). In this research, the authors used qualitative methods to collect data, namely through interviews and surveys to obtain consumer preferences. In addition, this study uses a Lean Startup approach.

The Lean Startup methodology was popularized by Eric Ries who wrote in a book entitled "The Lean Startup". The Lean Startup method is quite in accordance with the objectives to be achieved, namely making products based on customer feedback. This is because the Lean Startup method is to create a product based on customer feedback so that it is from the customer and for the customer. Lean methodology is a practice for developing products and businesses that are based on 'validated learning', which is to take as much feedback and copyrights as possible from customers. According to Ries the lean startup model is designed to teach how to run a startup by making constant adjustments called a build-measure-learn feedback loop (Ries, 2018). Some of the advantages of using the lean startup method in the process of making a product compared to using a traditional startup process are: the risk of failure of a product before the product will be marketed can be minimized, besides the time required to manufacture the product is relatively fast using lean startup (Zipa, Suranto, Paputungan, 2020).

According to Kothari, the existence of this research methodology is a way to solve research problems carried out systematically, namely by studying the research problems and the logic behind it (Kothari, 2004). At The Atsomee, the new product development process is implemented using the Lean Startup method. This method is used because the work process will be faster and more efficient and reduce risk compared to other methods. In addition, using this

method can be due to product failure when it will be marketed, this method focuses on consumer feedback when the product is being worked on. This method is carried out using 3 stages namely:

1. Market Validation

   Market Validation is a stage to ensure that the assumption that the problem that was defined really does exist, occurs to many people, is an important problem and so on (Hamid, 2018). At this stage, this research will conduct interviews with several respondents to find out and confirm the problem assumptions that occurred.

2. Product Validation

   Product Validation is a stage where it needs to create a solution to answer a problem that is already valid in the previous stage, namely the market validation stage (Hamid, 2018). This stage is referred to as the "MVP Creation (Minimum Viable Product)" stage or prototyping. According to Satzinger, Jackson, Burd (2010), a prototype is an initial working model of a larger system. After The Atsomee confirmed the problem, the next step was to create an MVP that matched the input from the customer during the interview sessions. After prototyping, the next thing to do is seek consumer feedback from the prototypes that have been made.

3. Business Validation

   The final stage of the lean startup method, seeking conclusions and solutions from stages 1 and 2 and ensuring the product has business value in addition, looking for solutions so that the applications created have sustainable and growing values (Zipa, Suranto, Paputungan, 2020).

# RESULT AND DISCUSSION

The initial hypothesis stems from the problems that occur, namely there is a decrease in sales at The Atsomee caused by slow new product development and a lack of product variants. In this chapter, the author provides several result points and discussions related to the process for testing the hypothesis of an idea that is already owned. Interview questions are made to meet the needs of customers and potential customers' insight about The Atsomee in terms of product and also for market validation. The respondents consisted of 10 people that were selected based on The Atsomee's customer persona, some of whom had bought The Atsomee products and some had never.

Table 1. List Of Question

| No | Question | Purpose |
|---|---|---|
| 1 | How many times a month do you buy clothes? | *To look deeper in customer's buying behaviour in fashion* |
| 2 | What prompted you to buy an outfit? Needs, trends, collections, if there are discounts, etc? | |
| 3 | What colors do you usually buy for your clothes? Neutral (black, white, beige), trend-following colors, pastel colors, favorite colors, etc? | *To see customer's behavioural and psychographic detail and* |
| 4 | In buying clothes, what considerations do you think of in terms of price, model, brand, comfort, color, motif, quality, functionality? Give the order from the most important to less | |
| 5 | In choosing clothes, do you consider several aspects such as for example, this shirt can be worn on several types of occasions, or if you like a dress that is mainstream, would that be an important consideration not to buy and vice versa? | |
| 6 | What do you think about The Atsomee? (branding, value, clothing model, color, packaging, Instagram account)? | *To see customer preferences in viewing The Atsomee products which will be used for The Atsomee product development* |
| 7 | What do you like about The Atsomee? | |
| 8 | What didn't you like about The Atsomee? | |
| 9 | What model do you recommend making at The Atsomee? For example, kimono, pattern clothes, hijab friendly clothes, pants, blazers, etc | |

7 out of 10 respondents answered that they do not regularly buy clothes every month. One respondent buys clothes only about once every 3 months or only buys clothes when needed. The other 3 respondents routinely buy clothes every month. Meanwhile, 6 respondents chose to buy clothes only if there was a need such as the need for a particular event. 7 respondents consider discount as one of the factors to consider when buying clothes. 9 respondents like monochrome, nude, earth tones. One respondent likes pastel colors. Brand comes last while convenience comes at the

top. According to respondents, brand is not a big consideration. Respondents are very interested in clothes that can be used for several occasions and also do not like clothes that are mainstream. 6 respondents felt that mainstream clothing made them uncomfortable and embarrassed if they met other people wearing the same clothes.

8 respondents considered The Atsomee to have good branding. In addition, they like the campaign run by The Atsomee because for them the campaign educates the audience about sustainable and environmentally friendly products. Meanwhile, in terms of products, 5 out of 10 respondents felt that the product was not optimal due to the lack of product variants and 1 respondent felt that The Atsomee's product development process was very slow. Clothing models and some parts of the product that do not fit are also considered by the respondents. 7 out of 10 respondents suggested that The Atsomee make products such as pants, other suggestions are to make maxi dresses, blazers, sets. With more varied products at The Atsomee, all respondents are interested because they think product variants are very important for customers to be able to choose which one is the most suitable for them to use. Another input is the need for products with more flowy materials, hijab friendly, and linen materials.

Through the results of the interviews above, it can be concluded that the hypothesis of the need for new product development in order to provide more variants to customers so that new product development is needed is true. In addition, through analytical interviews several customer preferences were also obtained for the products to be made by The Atsomee.

The next step is to conduct a survey/questionnaire. This survey was conducted as the initial stage of making a prototype/MVP. The survey carried out is to filter concepts and provide product model preferences for customers so that the products made later can be in accordance with the interests and desires of customers. This test was conducted on 30 women with several questions whose results will be used as the basis for designing The Atsomee products. The conclusion from the interviews, many respondents recommend making pants. Then a poll will be conducted for respondents from models to color preferences for pants. The results of this poll are input for The Atsomee in developing product development that will be made later. The researcher also attached several pants references to the respondents to determine the type of pants they liked the most.



FIGURE 1. (a) Trousers References (b) Trousers Polling

Through a poll conducted as can be seen on figure 1, the most popular choice of pants was option A, namely loose pants with 23.7% and option F, namely office pants/capri with 23.7%. Therefore, the highest choice will be considered by The Atsomee in making new product development. Through the observations, people tend to choose pants that look more flowy and have the impression that they are not too casual and can be used for formal, but still have a minimalist impression and are not too fussy as can be seen in the choice of the Skort which has the smallest number of voters.
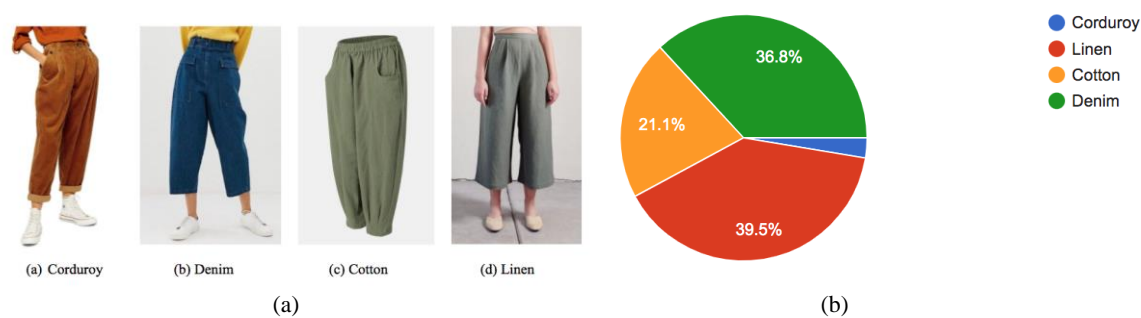
FIGURE 2. (a) Materials References (b) Materials Polling

Through a poll conducted as can be seen on figure 2, the most popular choice of fabric/materials was option D, namely Linen with a poll of 39.5% and only slightly different from option B, namely denim with a total poll of 36.8%. Therefore, the highest choice will be considered by The Atsomee in making new product development.

The next step is to know what customers' preferences are about color. Color has an important role in the world of fashion. Previously, The Atsomee only had 3 colors, namely black, white, and beige. In the future, The Atsomee plans to add new colors for new product development that will be implemented.
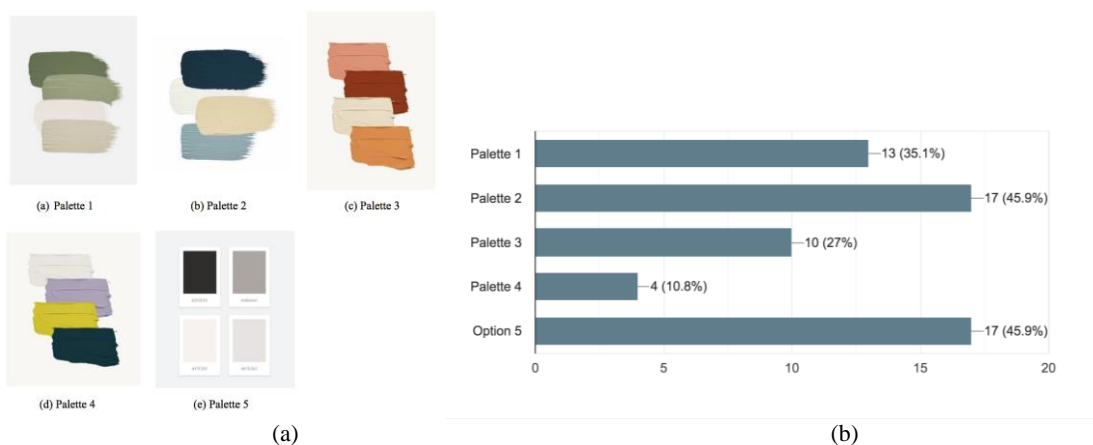


FIGURE 3. (a) Color Palette References (b) Color Palette Polling

Through a poll conducted as can be seen on figure 3, the most popular choice of color palette was option B, namely Palette 2 with a poll of 45,9% and has an equal poll with option E, namely Palette 5 with a total poll of 45.9%. With this option, The Atsomee can choose a color based on the highest choice of respondents. Through concept screening, The Atsomee gets an idea of the products that are in demand by customers and potential customers. This questionnaire is The Atsomee's preference in making New Product Development with Lean Startup for the next step, namely making MVP.

Figure 4 shows the MVP and design engineering drawings and mockups for loose pants. There are 2 variations, some use a belt and some don't, but still have the same main shape. This time the pants are made with a material that is more flowy and not stiff according to input from customers and prospective customers. After doing the MVP stage, you will go to the next step, which is asking for feedback from the customer from the several choices given.

After polling and making prototypes/mockups, the next step is to ask for feedback from customers regarding product prototypes (table 2).
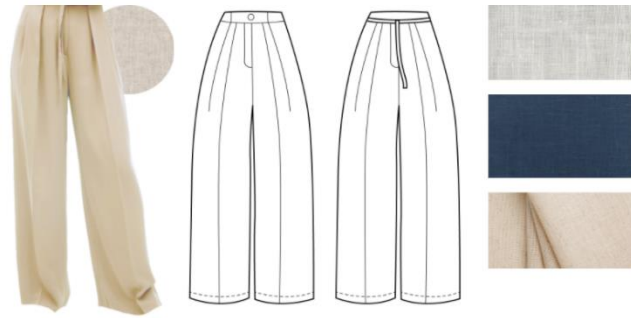
FIGURE 4. Loose Pants Design

TABLE 2. Customer Feedback

| Code | Feedback |
|---|---|
| C1 | Good, looks comfortable and flowy |
| | Too long maybe can be shorter |
| | Looks good with buttons |
| | Maybe the color can be darker |
| | Looks comfortable to wear because it's loose/baggy |
| C2 | The model looks vintage but I like it better with buttons |
| | It's good because it is suitable for work as well as for everyday use |
| | Maybe could use darker colors such as black and navy or dark gray |
| C3 | Seems too long |
| | I prefer the one with buttons |
| | Maybe you can add pocket variations |
| | The material looks good and flowy |
| | The design makes the user look taller |
| C4 | The color is good, neutral so it's easy to mix and match with other clothes |
| | I like it because it can be used for formal or casual events |

After getting feedback from consumers as it can be seen on Table II, the business idea validation is carried out on the product before the product is launched. This is done by executing the features that consumers don't like about the product and determining what features are needed on the product so that consumers use or buy the products offered. From the feedback obtained, it can be concluded that the pants that will be made will use buttons and the cuts will be shorter and not too long with the darker color palette.

## CONCLUSION

As a new business, The Atsomee experienced several obstacles, one of which was fluctuating sales and lack of product variants. The method used in this study is to use the Lean Startup method. It aims to get results that are in accordance with customer desires by maximizing the limited budget to be more effective and not wasted with products that are less attractive to customers.

By using the Lean Startup method, the authors get feedback from customers about the product to be made so that the product is expected to be in accordance with the wishes and needs of consumers. Based on the results of interviews and questionnaires, The Atsomee needs to make loose pants, high-waisted models, made of linen, as well as a monochrome and blue color palette. After the MVP was created, the customer returned to provide feedback and some features that were removed were also added. In addition, The Atsomee needs to make new products regularly with more variants and innovations so that customers have more choices because it will be a good business strategy to maintain business continuity.

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