



Podcast Episode #14 - Brick-and-mortar stores for crowdfunded projects to help reach consumers, with Damien Ng of Backers, Hong Kong

RAW TRANSCRIPT OF INTERVIEW

Balint: In this interview, I'm in the headquarters of a company that is very interesting for hardware companies, I believe. Next to me is Damien Ng, co-founder and CEO of this chain of stores called Backers, headquartered right now in Hong Kong with stores in planning in other Asian locations. Welcome, Damien, to this episode.

Damien: Thank you very much.

Balint: I appreciate that we could sit down here in your office, and I could also look at the store location here in Hong Kong in a very busy area, which was pretty impressive, displaying your products. But I don't want to go too much, too far ahead, so my first question is can you describe what you're doing, your company, and how you started it? Your motivation?

Damien: Sure. The company is called Backers and we are shops that displays crowdfunding products. So, what drives us to open such stores, and we are literally in the business for about eleven months, not a very long time, is that my partner and I are actively looking into crowdfunding projects like Kickstarter or Indiegogo or interesting things. My partner is the aggressive one, basically; he backs a lot of projects. And I'm the conservative one, being an Asian myself, I like to test and see the products actually how it looks and how it performs before it buys. Does it meet my quality standard? At one time, my partner, Panda, last year about October, he had backed products like a laser razor that used laser to cut your beard and so. That has been successfully raising a lot of funds until a couple of days before the deadline; they're taken down by Kickstarter. The reason being that is, in one of the demo that they showed up in the Kickstarter's website, Kickstarter thought that is actually not laser but is like a heated metal line that actually cut the hair and thought that "no, this is not right", so they took it down, and Panda and I were discussing that, like, "Hmm, why such a good project?" They probably have not done right in the prototype, but then they've got taken down, and a lot of the consumers or backers who like the concept so much did not get the chance to touch it and to see it and then back it before - with his personal experience. Then we thought of an idea, let's say, "Well, looking at the crowdfunding settings. So, other projects are recorded with a video and being put online. Can they not be put in the physical space and be touched, be experienced, and then they can be reached into the wider consumer market?" That's how we started to set up our first store, Backers, in Hong Kong, and we brought



sixteen products into our shops at start and to set it as a gallery-type of space, and people can touch it, can feel it, can try it, so they're getting engaged to the products and then they can buy it.

Balint: And apart from that, is there any more about the motivation and why you wanted to fund this particular one, or how do you see it?

Damien: The motivation was rather simple at start: it's really the product experience, because like us, as a shopper, when we walk around, we see a lot of the products hanging in the shelf, being displayed that consumer cannot touch, then we're looking into especially, let's say, hardware or IoT products: they're so unique; they have so many values that the products bring, and if you can't try it, can't touch it, how do you know actually if that serve the purpose or how does it work? So we are very into the product experience in store, because why we call ourselves Backers is we're coming from the angle of Backers on consumers, so what a consumer wants to know of a product before they buy. That's the real driver of it. And then extended to that is that when we start running the space, and, well, none of our team are actually coming from the retail or distribution background, so we wanted to do a lot of things that's very different from a typical retail or distribution settings, say, for example, install analytics. As Backers, we like to understand, "How many people really like this project? Am I one of the thousands of people who like the projects?" And while we're thinking that - I'm sure for creators - what sort of statistics or feedback from the market do they want to know? So we would like to bridge the gap between the consumer and the creator's communication mood.

Balint: Thank you for giving us this story and also the bigger picture of what you've been doing now and what your plans are. Now, going back to the beginnings, how did you start it? How did you dare to step into this? And did you do some testing of the idea at the beginning? If this idea has its feet?

Damien: Yes. So we did a bit of market research before we started. We realized there wasn't one full-scale crowdfunding shop operated this way, a shop for crowdfunding products, in the world. They might have one in Japan who, kind of, is in the department stores that have a section that sells products from a crowdfunding platform in Japan. And then also there is MoMA in New York - the Museum of Modern Arts in New York - that sells only designer products in their MoMA shops as a corner. So, we realized that there is actually a big room for us to test it out, this idea. We found a new mall in Hong Kong that's an up and coming mall, and we discussed with them. They liked the idea so they offered us a relatively affordable rent for six months. So the six months could allow us-- and that's the Christmas season, so we were thinking that, well, people must love to buy a lot of gadgets for the Christmas gift, so we thought that's a good time for the six months test out the water, whether



this will work or not. In about four months' time, we were actually breaking even, so that gave us very strong confidence of sustaining our business.

Balint: You're doing quite well, then. What were the major challenges that you encountered during founding and what are your challenges right now?

Damien: Well, the challenges. Well, none of us in the team has done any retail or distribution work, so we are actually learning as we grow, and also that the funding and capital part is one of the well, not hurdle, but there certainly is some limitations. Even though we break even in four months, we didn't start up with a lot of capital. The typical retail and distribution in general, creators would like to ask you to pay a big amount of money to buy few thousands of stocks, whether or not these products are being welcomed by the market. We have spent a lot effort to evaluate and test the products ourselves and also looking for different ways to work with the creators so that we bring value other than just to buy their stocks, but also help to help promote their products and to grow their sales as well.

Balint: You mentioned, a little bit, the funding aspect; that you are growing organically and you don't have substantial external funding, and how does the funding situation look like, actually, in Hong Kong and the surrounding area for other companies in the hardware scene?

Damien: There are a lot of money floating around, to be honest, in Hong Kong and Asia, so in recent time, that's what I've observed, because previously, before I started Backers, I've worked with the Science Park and the Cyberport in Hong Kong with a few projects, that they do both hardware and software development, and I'm also part of the network of the Angel Investments Network in Hong Kong, so I've seen a lot of investors that have the money that are willing to spend. But on the other side, what our angle is, seeing a lot of projects being invested and manufactured with the products; they have the challenges to sell the products to the market. That's where another initiative to trigger us to think of starting up Backers, that could help these projects to reach to the end consumers easier. So, back to your questions: what's the investment scenario or funding scenario in Asia and Hong Kong? Other than individual investors' money, there are also a lot of organizations, both governmental or private organizations, that provide funding, accelerators, incubators, a lot of assistance to startups or new entrepreneurs.

Balint: Your products come off from crowdfunding campaigns, so you're in contact with people who run crowdfunding campaigns. What tips do you have for running the crowdfunding campaign better, for people who want to start out or who have that next project which will come online?



Damien: A couple of tips, very useful I believe, has been learned. First of all, do as much of the PR activities as early as possible. You can't just do your PR activity or marketing when your campaign has launched; that would be already too late. Do your preparations like three months or even six months before you launch your crowdfunding campaigns. Be as honest, be as transparent as possible, and maintain your engagement with the Backers community in the way of honest and transparent and active communications. What I mean is both Facebook channels, both on Kickstarter or the Indiegogo and the other crowdfunding campaigns that has comments sections, where a lot of backers or potential backers will actually communicate with you via that: leave you comments, expecting you to feedback to them, and if you take like two or three days or even a week to feedback to them within your thirty-day or forty-five days crowdfunding campaign, then people thought that you're not real and you're not active, so you'll be given up very soon. That communication is very, very important.

Balint: Basically the message is that what you're doing, your campaign, take it seriously and do it full time, so give it a lot of attention and don't neglect the details and be on time if you need to follow-up. What are your biggest strengths for you and for your team, because you work with other people?

Damien: Well, for myself, I don't know. I keep pushing, I keep dreaming, I think that none of our team has actually worked in retail and distribution is one of the advantages, because what we keep saying is while the retail business model has been working for, I don't know, forty years, fifty years or even a hundred years, and why it has not changed? So, we keep looking into the way to further optimize it and how does it bring more value to the creators and also the backers of consumers. And for the team, for myself, I don't know. Kind of that - I like to keep dreaming and thinking of different possibilities; I keep pushing for that. Pushing myself, pushing my team, pushing for partners that we want to - I don't want to use the word disrupt, but it is disrupting - but making it more efficient to this ecosystem, because it's quite new, so there's a lot of room for us to shape it, like how it will be in the future.

Balint: Regarding the inspiration, sources of inspiration, to fuel your dreaming nature, who do you look at in terms of people, these days or from the past?

Damien: I guess a lot of news, a lot of the articles and books that I read, it's an old saying, but then it's always true is "Work particularly hard." Work very, very hard, like sleep four hours a day, and just insist on persistence. It's very important, because if you have a vision and if you have a dream, working hard. And no matter what challenges, it's just getting through it, getting through a lot of bumps, and looking at the future - that what your dream and what your vision can turn in to, and will make you be persistent to deliver it and get it done.



Balint: Thanks for this interesting insight. So, let's now move on to the last round - the so-called ultra-fast round of questions. This means I'm going to ask you four questions and it would be great if I could get a relatively short answer to these. The first question is if you could time travel and go back to the time when you were younger - you look young, but there was a time when you were in your twenties - what notes would you give yourself?

Damien: Act quicker. Don't wait. Because I have been thinking to be an entrepreneur by myself for a fairly long time. I've tried to launch various projects as a part-time basis, but that doesn't work - that didn't work. So, if I think and if I had the guts to do that earlier, being part-time, just ignore everything, just get things done, that I would rather do it earlier and younger and quicker than now.

Balint: The second question: if you have to name a book, or even two books, what book/books have the biggest impact on your entrepreneurial career?

Damien: It's actually a book originally in Japanese and has been translated into Chinese. I can't exactly remember the book's name, but the topic and the theme is effective communication. That's around what I've shared earlier about the Kickstarter campaign about being honest, being open in terms of communications. It applies to everywhere, not only about your crowdfunding campaign. It could be about your business, how you show you're honest and open and transparent in communication to all your supporters and your consumers, it could be to your team, like how we shared the open vision to the team and everyone's working towards the objective. So I think, most importantly, this book, when I first read it at the age of sixteen and I keep reading it every year, it's about the importance of open and insistent communications.

Balint: I would like to put this into the show notes, this book, so once I get the information from you, the author and the title of the book, I will let the listeners know about this. The third question: I'm amazed by habits and the positive impact or even negative impact that these can have on our life. Do you have some routine? Morning routine, daytime or nighttime, evening routine?

Damien: I have been trying to put my week into routines. It's very, very hard to maintain that routine, to be honest, but one thing I insist to do every week is some sports. It's just where to maintain your energy level and also rather than just so focused and dedicated your time into a growing business - some time out: having your brain and also the physical timeout is very important to keep yourself refreshed.

Balint: Very good. I like that - having a balance by doing sports. The fourth question - this is the last one: because we live in a globally connected world and we have to interact with different cultures, what aspect - cultural aspect - have you run into that was a challenge and you overcame it?



Damien: Language and food is always the first impact if you go into different cultures. My previous life, meaning like my career before starting this up, I have been a consultant that has been travelling a number of years, and every time I went to a culture with different food or different language, I think the most important thing is about being yourself, be friendly; showing what you respect to other people while you're in their country. And also, you get connected rather easily, even though the language challenge. I think one common topic that can easily bring people together could be hobbies and could be food, because you have to eat every day, and when you ask about food, you start to talk about cultures, even though the language might not be easily communicable. But then with body languages with food, being in restaurants, you're very easily connected to other people.

Balint: Actually, regarding food, I read in a book an interesting experiment: it was a psychological experiment. It was in a book by Robert Cialdini called *Influence*, that they did a test on people on how talking about a topic in a lunch or dinner meal setting can have an effect on your convincing power. It means that if you have a business lunch, usually the outcome is positive. It's almost like click-and-whirr, that type of effect, so it's automatic for us that, again, when we talk about business and our stomach is full or being filled up, it brings some positive effect. With this thought, I would like to now close off, but before completely closing off, what is the best way, Damien, for the listeners to reach you?

Damien: I think email or on our company Facebook. So the email is: hk@backerstores.com, or on our Facebook, find us [@thebackerstores](https://www.facebook.com/thebackerstores). So either way is easy, and I look forward to discussing with you.

Balint: Thanks a lot for this interesting discussion. I hope you, listener, could learn from this inspiring discussion, and also tips on how to run a better crowdfunding campaign. Thanks a lot. I wish you all the best Damien.

Damien: Thank you very much, brother.