

# Co relationship between fast fashion and impulse buying marketing essay



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“Fast fashion” is a term that represents the strategies which retailers adopt to respond to the current and emerging trend promptly effectively in current merchandising assortment (Fernie et al., 2004). Fast fashion is becoming more popular in all around the world. Famous fast fashion companies like Zara, H&M, mango and Top Shop are expanding worldwide. The European largest fast fashion retailer, Zara, which have 1483 stores in different countries, is going to open its eighth branches in Hong Kong on January, 2011.

Referring to the case of Zara, its success is mainly contributed by the latest designs and flexible supply chain that support by sophisticated IT systems. Merchandise appear and disappear in the stores in a fast pace. People visit the stores more often to search for new items change in merchandise, store display and the return policies motivate people to purchase even they did not plan for and this regard as impulse buying.

Impulse buying creates a substantial volume every year across a broad range of product categories (Bellenger et al., 1978; Cobb and Hoyer, 1986; Han et al., 1991; Kollat and Willet, 1967; Rook and Fisher, 1995; Weinberg and Gottwald, 1982). Rook and Fisher review the research papers in the last few decades and the studies show that 90 percent of people make impulse purchase occasionally (Welles, 1986). This is the reason to study more in depth for the impulse buying behavior especially in the fast fashion industry.

The theoretical framework that suggested by that are provided by a number of researchers for examining impulse buying related to psychological variables (e. g. personality, self regulation), hedonic experiences (e. g.

shopping enjoyment, emotional state, mood) and situational variables (e. g. available time, money) in a shopping context (Beatty and Ferrell, 1998; Burroughs, 1996; Rook and Fisher, 1995). Researchers find that impulse buying mainly fulfills the hedonic needs for fun, social interaction and gratification (Hausman, 2000; Piron, 1991).

To study about fashion-oriented impulse buying behavior, fashion involvement is an important element. As fast fashion industry is focusing on fashion trend, studying it helps us to have more understanding on how fashion involvement and other variables affect consumers' impulse buying behavior. Since apparel is a kind of sensory experimental product (Park, Kim and Forney 2005), the interaction with consumers' hedonic or emotional experience in the market environment decide if consumers would pay for the product or not.

In this study, a model of studying the relationship between impulse buying behavior in fast fashion industry and fashion involvement, hedonic consumption tendency and positive emotion will be used. The result will be suitable as the reference to develop marketing strategies in the fashion retailing industry.

## Chapter 2 Literature Review

### 2. 1 Fast fashion industry

Fast fashion is an revolution in the recent decades. Many famous retailers like H&M. Zara. Benetton and topshop is now using a strategy called fast fashion. Fast fashion is know as retail strategies that allows fashion retailers

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to bring in merchandising assortment which is trendy and affordable to the market in a fast and efficient way. Fast fashion has changed the designer push model to the opportunity pull approach. The market is the one which decide what to produce and the retailers have to respond to it within a few weeks unlike the industry average of six months (Sull and Turconi, 2008).

Fast fashion can help retailers to avoid markdown. It is also expanding faster than the industry as a whole. And even capture the market share from the traditional competitors. The sales and profit is growing more than 20 per cent each year. The market share is increasing from none in 1980 to over 20 per cent in Spain and 5-10 per cent in United Kingdom, Germany and France. The profit margins of fast fashion leaders is averaging at 16 per cent comparing with 7 per cent of the traditional apparel retailers.

## 2. 1. 1 Industry leaders

### 2. 1. 1. 1 Benetton

Benetton is the one who first started to offer different colours of merchandise according to different places. It also priced its items below its competitor with the similar quality. Since it integrated production with retailing, it makes dyeing to a later stage so that it can respond to the customers demand for desirable colours. It franchised a lot of stores after its first store opened in 1968. By the end of 1995, Benetton have 8000 stores in 110 countries. However, Benetton suffer from sales stagnate and profitability plummet in the following decade, it cut many retail stores and re-engineer its supply chain.

## 2. 1. 1. 2 Zara

Zara is founded in 1975 which aimed at producing clothing in latest fashion with medium quality and reasonable price. 80 per cent of its merchandise is the fast fashion apparel and the remaining is the basic lines. It was first a regional player with most stores located in Spain. There are several features that help Zara to respond to the rapidly changing market demand; they include vertical integration design, just-in-time manufacturing, delivery and sales, flexible structure, low inventory rule, quick response policy and sophisticated information technology (Castellano, 1993, 2002).

The two key factors of Zara's business model is adapting to the market demand by using the store as an information source while delivering unique service to the customers.

The retail stores of Zara are not only acting as a point of sale but also the starting point of the business system (Lopez and Fan, 2009). Zara's designers would travel around fashion cities and collect the information by observing people on the streets, browsing publication and visiting the places which their target customers usually going (Fabrega, 2004). The store managers of each retail store would also collect feedback from the customers and report the customers demand and the sales trend to the headquarter everyday. The design team will then use the batch of information to create new merchandise or make amendment of existing merchandise (Martinez, 1997). This is how they build situation awareness in first step by absorbing real time data in multiple sources (Lopez and Fan, 2009). The price of the merchandise is decided using the market-based

pricing strategy to see how much the buyers are willing to pay. The target price and profit margin which the management wants to achieve are then used to set the cost of raw material, production and suppliers (Bonache and Cervino, 1996; Mazaira et al, 2003). New staff of Zara is having on job training of meeting the service standard. Senior sales assistants are responsible to teach the new staff about company policy and daily operation. The quality of the service and store environment including temperature, music and display of merchandise are accessed by using mystery shoppers (Monllor, 2001)

#### 2. 1. 1. 3 H&M

H&M is founded in 1947 in Sweden which aims to offer fashion and quality clothing at the best price. It is focusing on the price of products, convenience of store location, flexibility in production and promotion by celebrity. Collaboration with Madonna has drawn much attention when it first launch in Hong Kong. Recently, the collaboration with Lavin also creates noise from publics as all the products are sold within one morning. Unlike Zara, H&M embrace promotion rather than store layout and window display.

H&M is more internationalized compare with its competitors. 90 per cent of its turnover is from overseas in 2005 (Lopez and Fan, 2009). To keep its fast fashion buying cycle, the production of H&M is outsourced to 700 suppliers

#### 2. 1. 1. 4 Gap, Inc.

Gap, Inc. is established in San Francisco in 1969. It is a local player with over 3000 stores in five countries including the USA, Canada, the UK, France and

Japan. The production of Gap, Inc. is outsourced to 1100 suppliers with it control over the design, distribution and sales. Brand development is used in expansion, some new brand names are formed due to new markets found during expansion, examples are Banana Republic, Old Navy Forth and Towne.

## 2. 1. 2 Successful factors of fast fashion

### 2. 1. 2. 1 Timing factors

In the fast fashion industry, the time from designing clothing to putting the finished product into store should be as fast as possible. Distance is controlling the speed of production. Therefore, retailers start to move their production plant from China to Eastern Europe, India and Turkey which have the shipping time more than two weeks faster (Financial Times, 2005a, b, c, d, e, f). There is also a trend of increasing the numbers of “ seasons” and this make the shipping time of suppliers increased (Intel, 2002a, b) Except the production cycle, the development cycle is also shortened to make the whole process more efficient (Birtwistle et al, 2003).

### 2. 1. 2. 2 Cost factors

Cost is the greatest concern in making the buying decision. Companies are having cost advantage by producing their products from developing countries like China, Turkey, Portugal and Far East. (Vinhas Da Silva et al, 2002). Since China has joined the World Trade Organization and many countries have removed the trade quotas, companies are now enjoying the advantage of low-cost overseas manufacturer. However, due to the speedy

characteristic of fast fashion, it is a question of how to balance the cost of production and the time of producing a product. Calculation of cost in overseas sourcing should also include the cost of losing sales because of long lead-time (Mattila et al, 2002).

## 2. 1. 2. 3 Fashion buying cycle

The buying cycle of fast fashion can be happened very ad hoc due to the changing market. Unlike the traditional buying cycle that happens a year before the product launches (Birtwistle et al, 2003), the fast fashion buying cycle is occurring every week (Kline and Wagner, 1994). The shorter buying cycle helps to reduce the percentage of mark down and stock out which harm the company's profit. The new fashion buying cycle is stressed on the market demand rather than the forecast based on previous data. This requires a close supplier-retailer relationship (Birtwistle et al, 2003). By using the quick response strategy, company can have the accuracy of forecasting sales up to 95 per cent (Mattila et al, 2002).

## 2. 2 Impulse buying behavior

Impulse buying is a kind of unplanned buying which is sudden, compelling and hedonically complex (Bayley and Nancarrow, 1998). Though impulse buying may lead to emotional conflicts sometimes, number of researches show that consumers do not regard impulse buying as wrong but a favorable evaluation instead (Dittmar et al, 1996; Hausman, 2000; Rook, 1987). Ko

(1993) even states that impulse buying behavior can be a reasonable planned behavior in the means of objective evaluation and emotional

preference in shopping. Refer to the research of Han et al (1991), there are <https://assignbuster.com/co-relationship-between-fast-fashion-and-impulse-buying-marketing-essay/>



four types of impulse buying which are planned impulse buying, reminded impulse buying, fashion-oriented impulse buying and pure impulse buying.

Fashion-oriented impulse buying is defined as an innovative design or style that creates the awareness or affects perception of fashionability (Han et al, 1991). It occurs when consumers are motivated by suggestions to buy a new product (Han et al, 1991). Fashion oriented impulse buying happens more often on people with high fashion involvement. The emotional factors like satisfaction during shopping and positive feelings count heavily in fashion-oriented impulse buying.

## 2. 2. 1 Fashion involvement

Fashion involvement represents the degree of interest with fashion products. The degree of involvement motivationally state the interest aroused by a particular stimulus or situation (O'Cass, 2004). It can also be seen as the interaction between consumers and fashion products.

Fashion involvement can be classified in five dimensions; they are fashion innovativeness, fashion interpersonal communication, fashion interest, fashion knowledgeability and fashion awareness (Tigert, Ring and King 1976). In a later research by O'Cass (2000, 2004), he found that personal characteristic and fashion knowledge is strongly related to fashion clothing involvement and influence the confidence of consumer to make the buying decision. There are papers showing that a the degree of fashion involvement is positively related to purchasing apparel hence making fashion-oriented impulse buying (Fairhurst et al, 1989, Seo et al, 2001)

## 2. 2. 2 Emotional factors.

Emotion and mood are affecting the decision making and it is also changed by the decision made on the other hand. Consumers are being uplifted and energized after having shopping as shown in many previous researches (Bayley and Nancarrow, 1998; Dittmar et al, 1996; Cobb and Hoyer, 1986; Rook, 1987).

Emotion is one of the main factors that control our action hence buying behavior (Beatty and Ferrel; 1998, Hausman, 2000; Rook and Gardner, 1993; Youn and Faber, 2000). With a higher level of positive emotion, consumers will be more likely to have a speedy and less complex decision making process (Isen, 1984). The positive emotion can be formed by the pre-exist mood before shopping, cheerful personal characteristics, social interaction, store environment and promotion or sales. These things can come up with a freely mood, a desire to reward their own and an elevated level of energy (Rook and Gardner, 1993). The emotion can vary when consumers are shopping in the store and this affects not only the money they spend but also their perception of quality and value of the products and even the brand (Babin and Babin, 2001).

## 2. 2. 3 Hedonic desires

Impulse buying can fulfill a number of hedonic needs like the needs for fun, novelty and surprise (Hausman, 2000; Piron 1991; Rook 1987). The satisfaction in hedonic needs can be come from the happiness gain in wearing the apparel (Hirschman and Holbrook, 1982) and the enjoyment of bargaining (Sherry, 1990). Instead of the demand of the product itself, the <https://assignbuster.com/co-relationship-between-fast-fashion-and-impulse-buying-marketing-essay/>

whole shopping experience is more important in generating hedonic feelings and encourage consumer to purchase the product.

Hedonic needs can also be the higher level of needs like the needs for self-esteem and self-actualization (Hausman, 2000). These needs are effectuated in a way of showing the fashion consciousness (Hausman, 2000). The up and coming fashion styles and favorable brand image that result in hedonic shopping experience and motivate fashion-oriented impulse buying (Goldsmith and Emmert, 1991).

As impulse buying can satisfy the hedonic desires that connected with hedonic consumption (Hausman, 2000; Piron 1991; Rook 1987), consumers are more easily to encounter impulse buying when they are motivated by those hedonic desires.

### Chapter 3 Methodology

There will be a number of hypotheses listed and being tested in this research by developing and administering a questionnaire. A convenience sample will be used in testing the hypotheses. The data will be then generated by the SPSS and finally reach the result of the hypotheses being tested.

#### 3. 1 Research model and hypotheses

H1. Fashion involvement has a positive effect on fashion-oriented impulse buying of fast fashion

H2. Positive emotion has a positive effect on fashion-oriented impulse buying of fast fashion

H3. Satisfaction of hedonic desires has a positive effect on fashion-oriented impulse buying of fast fashion

H4.