

Asos case study essay



**ASSIGN
BUSTER**

Executive Summary ASOS is known of the most recognized online clothing store in the United Kingdom. It offers products that people often see worn by celebrities. As such, many people are encouraged to try out their items. In addition, the prices of their products are relatively lower compared to high street fashion. Because of these along with other factors, ASOS was able to grow. With the growth of ASOS over the years, it is important to ensure that it can be sustained.

The fact that online shoppers and traditional shoppers differ in terms of concerns and behavior, it is critical for ASOS to study the purchasing behavior of their market segment to determine the kind of strategy that they need use to ensure success now and in the future. This research focuses on the various aspects of online retailing in the hopes of investigating the purchasing behavior of ASOS customers and formulating recommendation on how to keep the margin profit of the company on increasing. For the past 50 years, the retail industry has been under numerous changes (Braatz, 2002).

For example, the 1950's saw downtowns as the center of retailing. People would often go downtown to avail of various products and services. This products and services included clothing, food, hardware supplies and banking services. A decade later, a group of retailers started offering their products and services in large department stores. The idea is to provide convenience to the shoppers. By creating a place where various retailers can offer their products and services, shoppers will no longer have to make several trips to different locations in order to purchase the things that they need.

This means that retailers hoped to create a one-stop shop for their customers. As a result, big names such as Wal-Mart and K-Mart made big names in the retail industry. On the other hand, downtown or small scale and specialized retail outlets experienced a decline in the 1970s and 1980s (Braatz, 2002). From the late part of 1980s to the early years of 1990s, a new kind of retailing came in being. Home TV shopping networks as well as warehouse clubs became very popular among consumers. If one-stop department stores aimed to provide convenience to their customers, Home shopping networks brought the idea of convenience to a completely new level. Instead of encouraging customers to drive to their stores, retailers brought the stores inside homes and purchasing the desired products is as easy as calling a toll free number. On the other hand, warehouse clubs offered customers the opportunity to buy products in bulk and at discounted prices. Costco and Sam's Club are some of the warehouse clubs that earned success (Braatz, 2002). The changes within the retail industry continued well into the late part of the 1990s.

Along with the success of internet, retailers were quick to recognize surfing the web as well as the use of other internet applications was fast becoming incorporated in the lives of many people around world. For this reason, they have decided to bring their stores online. The move to utilize the internet was a good decision in terms of marketing. Cable television took 25 years to reach approximately 10 million people, while computers took seven years to do the same. However, the internet was able to manage that feat in just six months. This means that retail store will have more chances of exposure if they have their own website.

Since the utilization of the internet for retailing purposes, many companies have been able to experience the benefits of bringing their businesses online. With this, a need was created to formulate strategies that focus on maximizing the potentials of internet. Nowadays, ecommerce, ebanking and other forms of ebusinesses are becoming a popular choice among the consumers and as such, it is also becoming a popular form of business for companies. Increase in sales are usually expected by companies when they launch an online store or host websites that offers their products and services.

In the retailing industry, eetailing is also fast becoming the choice of companies. One of the companies that concentrate in advancing their eetailing endeavor is As Seen On Screen Or ASOS. They offer clothing and other fashion related items that are similar to designer fashion worn by celebrities but at a lower price. They have a website where they post the products that they currently have. In addition, they show actual photos of celebrities wearing a similar item of clothing that are being sold on their site.

Case Study

Despite the degree of success that ASOS was able to achieve over the years of their operation, there are still problems that they need to resolve in order to ensure the survival of their business. This is the rationale behind this paper. This paper will be presenting the conditions that ASOS are operating in as well as the various aspects that they need to focus on in order to maintain steady or increasing flow of profit. These will be done in order to be able to formulate recommendations that will help the specified company in addressing the issues that surround their business.

However, the findings of this paper as well as the recommendations that will be formulated have the possibility of being useful to other ebusinesses.

Statement of the Problem The problem of ASOS is generally related to the problem faced by most online retailers: the online consumer buying behavior. Not only does buying apparel online represent a new form of consumer behavior in the ‘computer-mediated shopping environment’ (Hoffmann and Novak, 1996), apparel online retailers also face intense competition. Attracting consumers with the limited resources available on the internet is a big challenge to online retailers like ASOS.

Knowing the online consumer behaviors will let the retailers and managers of these companies formulate and develop effective strategies that will help increase the popularity and sales of clothing online. Moreover, ecommerce is an expensive business but is also proven profitable once become effective. According to a survey, clothing belonged to the top six categories of holiday gifts in the USA during the 2000 Christmas season (eMarketer, 2000) and about 8.4% of the total weekly online purchases in 2000 is the apparel category (Nelson, 2000).

These results suggest that selling clothing online is an effective business especially if a company has marketing strategies that will help in the success of the online business. According to a study of users who have bought products online, there are five main reasons why people shop through the Internet. These are convenience and ease of use; greater selection; better prices; easier comparison-shopping; and no sales pressure (Hale, 1997). On the other hand, there are also reasons why people are not attracted to making purchases online especially when it comes to clothing.

The top four most frequently identified reasons why consumers are not purchasing online are ability to judge quality, security, privacy, and easier to purchase locally (GVU 1998 on Novak 1999). Competitor Analysis According to Proctor (2000), competition is important since it affects the success of a business venture. Proctor added that competition is more than just producing and distributing products and services that matches the needs of the consumers. Competition is about the company's capability of positioning itself in the market so that they will stand out among the rest in the perception of the consumers.

In the case of ASOS, they do not have any direct competitors when it comes to clothing associated with celebrities. However, it is the case that do compete with other clothing retailing stores such as Topshop and Fgleaves.com. SWOT Strengths The strength of ASOS is its utilization of the Internet. Through the Internet, it has formed a definite market segment that is composed of mainly Internet users. A firm that limits its attention to fewer market segments can better serve those segments than those firms that influence the entire market.

Moreover, its core focus, which is apparel, as worn by celebrities at affordable price gives them a marketing edge for it attracts customers right away. It also gives huge discounts and has broad category coverage.

Weaknesses Online retailing in general is getting bad publicity nowadays such as poor delivery performance. Another weakness is that ASOS cannot guarantee specific product or brand presence. Internet selling is unlikely to be successful, as consumers like to try on clothes and see the quality of fabric and workmanship.

Opportunities Ecommerce channels now represent 11% of the total UK retail business, and record numbers of products are being procured via the internet (Thomson et al, 2005). People are attracted by low prices and convenience. In addition, they have integrated their everyday activities to technology and the Internet, including shopping. As the number of working women, who are ASOS core customers, continues to increase, they will not only need more clothes for work but are also more likely to be financially independent to purchase clothes.

Threats Online clothing chains from overseas are successfully invading UK and at the same time, branded apparel such as Diesel, Guess and Zara are still popular among the market. Other purely online fashion retailers such as Yoox. co. uk, Brandalley. co. uk are also their main threats. Downturn in the economy could also cause buyers to cut back on overall spending.

Computing and Category Management Supply is not a problem for ASOS. This was proven in the past when they were able to meet the holiday shopping needs of their customers in 2004.

This is the case despite the problems that they encountered in relation to their small warehouse. Now that ASOS was able to move a bigger warehouse, they will be able to maximize their potential and might be able to surpass their highest recorded sales in the previous years. However, there is one issue that ASOS needs to resolve immediately. Otherwise, it might affect their sales in the future. From the time ASOS was launched until this day, they only offer clothing items up to size 12. This means ASOS is excluding a segment of the market that can offer them additional profit.

This may also cause some customers to get turned off since this suggests that ASOS thinks only people with size 12 bodies have the right to wear celebrity inspired apparel. Customer Care and Service According to Ross (1999), Total Quality Management is the incorporation of all the functions and processes of the organization (p. 1) to be able to develop the quality of the services and or/products that they offer. With this, it can be stated that customer relationship management programs are included in total quality management.

The need to develop an effective total quality management is important due to various reasons. However, these reasons are still geared towards providing customers with the great business experience with the company. It is also the case that total quality management views customer satisfaction in relation to customer retention and increase in the profits. These are being considered by ASOS when they designed their website. They wanted to give their customers the kind of shopping experience that would lead them back to the website and make more purchases.

Recommendations Based on the discussions made above, ASOS can better serve their customers if they ensure the requirements of the 7C's as presented in the previous chapter are met. This means that they must be able to provide outstanding services to encourage relationship between them and their customers. In turn, this will led to customers who are satisfied and willing to do more business with them. Based on the survey conducted for this research, ASOS customers the things that concern them when they are buying at ASOS are style, price and quality respectively.

This means that ASOS must be able to meet these demands of their customers if they want to ensure continued patronage from them. In addition, customers also want to see improvements in the website. They want more interactive type website. This means music and video clips are believed to be helpful in a customers' decision to make a purchase. Furthered customer assistance is also being requested. Live chat is being considered by many customers. ASOS can actually provide this kind of service if they outsource it to call centers in Asia for example. It will be cheaper to outsource it than to create an in-house call center.