

Retail marketing theories in e-commerce



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David Gilbert (2002) stated that “ the only thing that is constant in retailing is change and it is certainly true that the pace of development within retailing is accelerating.” The growth of ‘ pure-players’ within retailing is testament to this. The internet has “ powered upheavals in the retail landscape that are revolutionary in scope, and unprecedented in nature” (Sorescu et al., 2011).

The chosen article: “ ASOS ‘ upweights’ digital spend as it puts focus on acquisition” published in Marketing Week (appendix 1) provides the opportunity to explore a range of retail marketing theories through practical application. The article focuses on how the online apparel giant envisages overcoming a “ slow down in customer acquisition and customer traffic” within the dynamic fast fashion sector. The aim of this essay is to explore the application of retail marketing theories, discussed in academic literature, to a solely online environment, as interestingly, Ashworth et al. (2006) noted “ a meagre seven percent of published internet-marketing research papers cover retail”. The focus is to identify how well these theories, translate to e-commerce, as the emergence of the online retail channel has significantly changed the industry over the last decade (Gartner Industry Research 2012; Verhoef et al. 2015). The article details Nick Beighton’s (ASOS CEO) plans to ‘ upweight’ digital marketing and double investment in influencer activity to improve customer acquisition, increase their US footprint and to meet consumer expectations through increased focus on sustainability within the business.

Development in technology and the internet has “ opened up new opportunities to influence shopper attitudes and behaviour” (Shankar and

Balasubramanian, 2009). ASOS aim to increase the “ velocity of conversations with consumers” by focusing on digital marketing and influencer activity. The emergence of online retailing has in fact allowed for marketing communications and retail activity to be in one place, thus facilitating ‘ conversations’ between the retailer and consumer (Varley and Rafiq, 2004). The investment in digital marketing will increase the amount of ASOS related content online, with which their target consumers can engage. However, the content being uploaded on to social media and created by influencers must be optimised for search engines to ensure it reaches new audiences. Shankar et al. (2011) explain the importance of retailers using social media to engage in dialogue with consumers. Beighton explained that Instagram is a key player in the bid to increase conversation with their customers. With ASOS’s target segment comprising 63% percent of Instagram users worldwide (Statista, 2019), this would appear to be an appropriate strategy.

Influencer marketing originates from a 1940s study which concluded that consumers are influenced by “ secondhand information and opinion leaders” (Davies, 2019). In the past brands have used experts or celebrities. However, the rise of social media has created a world where everyone can be a potential influencer (Brown and Fiorella, 2013). Kadekova and Holiencinova (2018) state that “ influencer marketing is one of the fastest growing tools in terms of getting new customers online”, going on to explain that the correct use of this tool facilitates cost-effective marketing to promote goods through the use of creative content that is produced for the company and can reach the relevant consumers in a natural way (Kadekova & Holiencinova, 2018).

Doubling the investment in influencer activity should therefore enable ASOS to meet their target of “growing new customers”. ASOS’ plan to double their investment in this marketing strategy “year on year” which is in line with their competitors. Another leading fashion e-retailer Boohoo.com relies heavily on influencers as part of their marketing strategy and in 2017 it was reported that it had increased influencer marketing budgets by 59% (Gilliand, 2017). Influencer marketing is a valuable tool for ‘pure-players’ as it compensates for the lack of “tangible indications about the quality of a product” (Emad Y, 2013) which is inherent in online retailing. If the consumer is able to see the clothes on a ‘real person’ not only does it draw them to the website but increases the likelihood of them purchasing online.

As part of ASOS’ bid to “double investment in influencer activity”, is the “summer of festivals programme” which involves top influencers attending a range of US music festivals and subsequently creating content to promote the brands offering. This is a key element of ASOS’ strategy to “increase its US footprint”, Akehurst and Alexander (1996) stated that for retailers internationalising is no longer merely an option but a necessity to avoid marginalisation. Evans et al. (2008) discussed the factors that drive retailers to internationalise, they concluded that profit growth was the most dominant factor, ASOS is no exception to this rule. Beighton in fact, admitted that it was a huge opportunity for ASOS to ‘tap into’ the \$400 billion apparel market in the US. Academic literature highlights that “the use of the online channel seems to reduce the traditional risk factors associated with international company development” (Pezderka & Sinkovics, 2011). E-retailers such as ASOS therefore, find it much easier to break into

international markets. However, it is important that retailers remain aware of the risks inherent in internationalisation. Mir-Bernal, Guercini and Sadaba (2017) warn retailers that: “ the fact the internet is available beyond national borders does not eliminate all the distances or liabilities associated with the internationalization process”. ASOS through self-admission explained that their success was limited due to their lack of due diligence in clustering their target audience adequately. Sparks and Findlay (2001) maintain that insufficient knowledge of foreign markets can hinder retailers success when internationalising.

Lockshin, Spawton and Macintosh (1997) argue that the continued fragmentation of markets is indisputable. Kalish et al. (1993) explain that a marketer’s ability to cater to diversifying market segments is a measure of success. Beighton admits that until now the brand had treated the US as “ one country” disregarding the difference in cultures, interests and expectations of US consumers. Whilst they are not performing poorly, Beighton does explain that “ in the US we are probably a 6 out of 10 in comparison to the UK” (Green, 2019). Thus, the article explains that ASOS is “ investing in clustering tech” to segment the US audience according to “ time zone, climate and region”, which will allow them to deliver relevant content to its US consumers. This relevant content will create brand awareness and preferences with consumers, that will ultimately translate into consumer spending (Tellis, 2005).

An increase in international operations necessarily results in a larger the environmental footprint for a retailer. Globalisation has increased the importance of environmental concerns which in turn has led to academics

and businesses identifying ways to manage the issue of sustainability within retail. Global supply chains have led to the “ exploitation of foreign workers and the environment” (Gorg, Hanley and Seric, 2018). Walker and Jones (2012) discuss sustainable supply chain management as a way of managing these issues, which involves retailers being held responsible for environmental performance of their suppliers. Thus, an appropriate form of action that ASOS can take to manage their global footprint, is to practice sustainable supply chain management. The article indicates that ASOS is already addressing some of the issues arising from a global supply chain when they speak of their “ modern slavery commitment” which ensures garment workers have fair pay and good working conditions.

Sustainability has become an important topic for 21st century consumers (Bernyte, 2018). ASOS is aware of this and in the article Beighton states that “[sustainability] is an area of focus for the business”. Academic literature marks the rise of the buyer-centric revolution (Mitchell, 2004). Ravi et al. (2009) explain that “ consumers are empowered by the information that technology makes available”. Something that is mirrored in Beighton’s words as he details “ consumers being more connected and aware of things than before”, specifically, consumers are becoming increasingly more aware of the impact that their buying decisions have on the planet and are beginning to expect more sustainable practice from retailers. The better the retailers are able to respond to consumer expectations, the more advocacy that is created for the brand (Kozinets, Handelman, 2004). The article explains that ASOS is mindful that sustainability is an expectation of their consumers, and whilst they are conscious of the fact that it is not dominating demand, they

believe that in the future it will become a “ defining feature”. Thus, as outlined in the article, they are taking appropriate action within the business, such as investing in packaging, which is now “ 100% recyclable” and producing more environmental clothing with the launch of jeans made from “ 100% recycled material”.

The e-commerce channel in retail is growing significantly, more so the number of ‘ pure-players’ within the retailing environment. Thus, it is important that online retailers are able to use appropriate retail marketing theory within practice to ensure success. ASOS has drawn upon a range of theories, such as marketing communications, internationalisation of retail and segmentation of markets to help them meet the targets outlined in the article, most of which were successful in application to the online retail channel. However, it is important that online retailers remain aware of aspects such as segmentation particularly when venturing into international markets. Although this might seem bypassable due to the dynamic nature of the online environment, it can hinder performance. It is also recommended that they adopt a sustainable supply chain management process to deal with contemporary issues surrounding the environment. ASOS and online retailers must remain aware of customer centric attitudes to retailing today and ensure that they create relevant content using the appropriate digital strategies and media in order to target the correct market segments, they must also comply with changing consumer attitudes to ensure the successful acquisition of new customers and their continued engagement with brand both locally and internationally.

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