

Exploration of Garment Enterprise Marketing Model Based on “New Retail”

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Abstract

With the introduction of the new concept of retail, the retail industry in our country began to make new changes, the form of clothing retail is also changing, and the appearance of diversification is beginning to appear. Based on the new retail perspective, this paper analyzes the overstock of clothing inventory encountered by Chinese clothing brands in the process of development, the low loyalty of consumers to clothing brands, the declining profits of garment enterprises and the lack of brand precipitation. This paper puts forward the marketing strategy to solve the problem of clothing development in our country under the new retailing: using big data on line to transmit information quickly, improving the efficiency of enterprises in the supply chain system, improving the customer stickiness through perfect offline experience. This paper also puts forward the global fashion marketing model and digital and technical service marketing model for the development of garment enterprises in China under the new retailing, so as to explore a new marketing model suitable for the development of Chinese garment enterprises.

Keywords

Chinese Garment Industry, Brand Building, Marketing Model, New Retail

1. Introduction

In October 2016, Alibaba Chairman Ma Yun first introduced the concept of “new retail” at the Hangzhou Yunqi Conference. Ma defined “new retail”, that is, new retail under the combination of online, offline and logistics. Subsequently, the General Office of the State Council issued opinions on promoting Innovation Transformation in Retail, proposing that “establish standards and competition rules for the adaptation of integration to guide the retail enterprises to gradually improve the level of informatization, and integrate the advantages of

offline logistics, services and experiences with online business flows, capital flows, and information flows to expand the intelligence, network distribution of all channels.”

The garment industry in China is changing from traditional contract manufacturing to design, production and brand production. A group of local brands are rising slowly. However, the establishment of clothing brands is inseparable from the marketing model of enterprises, the so-called marketing model. That is, people in the marketing process take different ways and methods. Compared with the developed countries in Europe and the United States, most clothing enterprises in our country do not have a clear marketing model, and even most clothing enterprises copy the successful brand development in Europe and the United States. It is obviously inappropriate. The proportion of population age distribution and the consumption level of different countries are very different from the actual situation of our country. Therefore, Chinese garment enterprises should draw lessons from the successful marketing model of international famous enterprises on the basis of their own national conditions, and find a marketing model suitable for the development of our country.

China’s clothing industry is also undergoing tremendous changes brought about by the era of “new retailing”, such as the “Hailan House”, which started with men's wear, established a new retail strategic partnership with Alibaba in August 2017. The 5000 offline stores under Hailan will gradually be upgraded to “smart stores”. The retail model of smart stores will combine online browsing, offline experience and modern logistics. At the same time, Hailan is also preparing to spend three years. Through the RFID chip technology, each garment has its own “ID” coding, this intelligent chip technology is different from the bar code, and it will make the on-line and offline data interworking and sharing, which is part of big data. The Septwolves Group has cooperated with IBM, ORACLE to promote enterprise management information in an all-round way. It has established a fast, standardized and efficient ERP system, logistics system, and an accurate and safe modern clothing enterprise management system based on digital technology. Greatly promote the development of seven wolf e-commerce.

This paper mainly explores the marketing model of garment enterprises from the perspective of new retailing. How to integrate the new retailing into the whole marketing strategy and how to develop the fashion industry marketing mode by using the new retail theory is a difficult problem for today’s clothing managers. The article first explores the problems of clothing brand development in China for a long time; under the background of new retail, the marketing strategy to solve the problem of clothing brand development; and the development direction of new clothing retail [1].

2. Problems in the Development of Chinese Garment Brand

Before entering the new retail era, the clothing brand retail in China mainly experienced two main periods: offline sales with traditional stores and online sales with e-commerce model. The marketing models of these two periods are cen-

tered on the enterprises themselves and supply and sell the same quality products. The management mode and information technology are decided by the enterprises, and the competitive advantage is obtained based on manpower, land and large-scale purchasing resources, through quality, cost-effective, share enhancement to achieve high potential customer group to meet existing and potential customer demand to increase sales [2].

1) Under the traditional online fashion enterprise marketing mode, the main problems of the clothing brand development in China are as follows: stock backlog, low consumer loyalty;

2) Under the marketing mode of e-commerce enterprises, due to the transparency of clothing prices, the main problems facing the development of clothing brands in China are: the profit remains low and the brand lacks accumulation.

2.1. Inventory Backlog

In the past, the logic of traditional clothing enterprises was to have products first and then customers, and production decided on consumption. Most enterprises adopted the form of early ordering, that is, “garment manufacturers → retailers → consumers” [3]. The quantity of an order is determined by the orderer’s experience in the market. The order-makers often order more goods for shortage, and garment enterprises also produce more goods for replenishment. In the retail process of traditional stores, because of the variety of clothing styles compared with other retail products, it is very difficult for clothing enterprises to allocate and manage the inventory of each sales shop reasonably and efficiently. Therefore, there is often a problem of shortage or extrusion of various categories of products in each store. **Table 1** shows the total inventory of apparel brands in some parts of China.

In garment manufacturers, orderists and retailers, the gradual and progressive inventory backlog forms a distorted expansion of inventory demand. From the beginning of production, the inventory has been enlarged continuously, and the turnover rate of goods is low.

2.2. Low Consumer Loyalty

Chinese clothing market brand concentration is not high, indicating low consumer loyalty. As shown in **Table 2**, only down and sportswear in China have a

Table 1. Chinese partial brand stock in 2017 [4].

| Brand | Youngor | Heilan Home | Meters Bonwe | Semir | La Chapelle | PEACEBRID |
|-----------------|---------|-------------|--------------|-------|-------------|-----------|
| Stock (million) | 1096.6 | 849.3 | 256.5 | 238.4 | 234.5 | 182.8 |

Table 2. Clothing market concentration by category in 2017 [5].

| High-end women’s clothing | Women’s dress | Men’s suit | Children’s garments | Business leisure men’s wear | Down jacket | Gym suit |
|---------------------------|---------------|------------|---------------------|-----------------------------|-------------|----------|
| 9.50% | 14.29% | 19.76% | 25.23% | 26.95% | 37.19% | 50% |

relatively high concentration, while other types of clothing have a low concentration, especially for women. The low customer loyalty reflects the low recognition of the clothing brand. Most clothing enterprises invest a lot of advertisements in clothing propaganda to set up brand image in consumers' hearts, so as to achieve the effect of brand recognition. Simple and rude advertising marketing means only let consumers know the brand, but to establish consumer recognition of the brand, loyalty is the long-term management of clothing enterprises. The reasons for the low customer loyalty of Chinese garment enterprises are roughly attributed to the following two points:

1) Lack of attention to customer experience

In order to capture consumers, most garment enterprises adopt a membership system to handle VIP cards for consumers, but most of them only provide such policies, but they do not actually implement the service. Make a member of the consumer feel just more than the average consumer of this card, it is difficult to create brand stickiness.

2) The lack of creative promotion methods cannot arouse customer interest in buying

The domestic clothing enterprises usually attract customers by the means of discount promotion, each clothing brand retailer not only adopts the same discount promotion method, but also the promotion intensity is similar. The normal discount promotion makes consumers accustomed to it, and hardly arouses the desire of consumers to buy again.

2.3. Profits Remain Low

Since China entered the era of e-commerce, clothing price transparency, as a traditional retail industry, with the continuous increase of labor costs and material natural resources costs, clothing retail industry profit is very limited. The performances are as follows: 1) Offline operating costs are high, clothing brand stores are mostly built in major shopping malls, other important street stores are supplemented, and the rental and staff costs of the stores all need a large amount of capital input from the enterprise. For the early development of enterprises also formed unknown pressure; 2) The sales volume is promoted by the discount promotion, the long-term discount promotion seriously reduces the whole profit level of the enterprise, also forms the resistance to the enterprise's capital turnover, thus has the important influence to the enterprise's long-term development.

2.4. Brand Lack of Precipitation

Due to the rapid development of e-commerce clothing brands, e-commerce operations in the flow age, product era, brand era into the content era, consumers no longer simply stay in the price of products, And a more comprehensive consideration of the brand and the way of life conveyed. Compared with the traditional offline brands, most brands have a long time of brand precipitation, but the electric brand is only after a few years of operational experience, concen-

trated outbreak. After entering the new retail age, pure e-commerce clothing brands can no longer attract consumers due to their own brand limitations.

3. The Marketing Strategy to Solve the Problem of Garment Development under New Retail

Based on the common problems in the development of clothing in China, it can be concluded that there is no way out for the development of Chinese clothing brands in the future, whether it is online marketing or e-commerce mode marketing. Therefore, the development of clothing brands in our country must conform to the times and solve the problems mentioned above by combining the characteristics of new retail operation.

With regard to the definition of new retail, it is generally agreed that enterprises rely on the Internet to upgrade and transform the production, circulation and marketing process of commodities through the use of advanced technologies such as big data and artificial intelligence. Then the enterprises reshape the structure and ecological circle of business, and deeply integrate the new retail mode of online service, offline experience and modern logistics. As shown in **Figure 1**, the concept of new retail in China is explained.

From the perspective of new retailing, garment enterprises solve the three problems that China's garment industry has been facing for a long time. Instead of solving the problems for the camp in the past, the three enterprises are converging and circulating messages.

3.1. Transmission of Information by Big Data

Because of the fuzzy information between the suppliers, dealers and retailers on the quantity of products and commodities, which is produced by the traditional retail mode, there is a huge inventory pressure in the clothing industry. Therefore, the use of Internet technology to obtain data information to assist clothing sales, can effectively solve the problem of fuzzy information. At the same time, the information data of online consumption and search not only provide reference basis for product quantity production, but also predict trend and consumer demand, and inject new vitality into product R & D innovation.

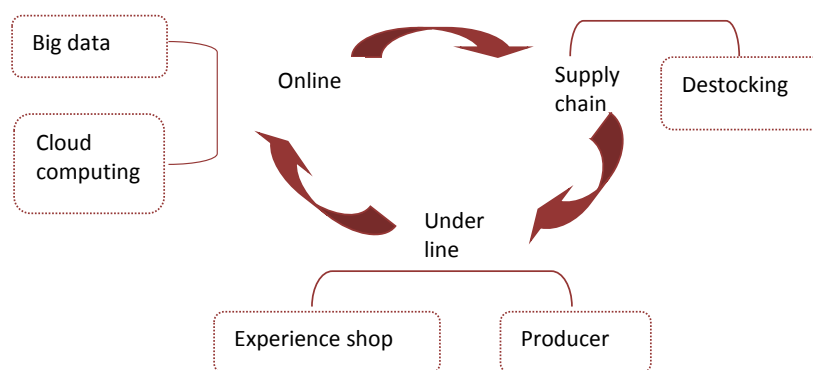


Figure 1. Explanation of the concept of New Retail in China [1].

1) Category sales data

By comparing the sales data of consumer goods and brands online, we can find out the most popular individual products and analyze their characteristics, so as to understand the preferences of consumers.

2) Keyword information search

Keywords on search engines, social networks or ecommerce platforms are expressions of consumer buying tendencies and also provide manufacturers with clues to product production.

3) Fast response market

Brand vendors can quickly judge the market acceptance of new products through the first week of sales, so as to decide whether to continue to arrange production; Front-end sales and back-end production are closely linked, but also put forward a higher demand for the ability of cooperation.

3.2. Supply Chain System to Improve Enterprise Efficiency

The supply chain system under the new clothing retail is more rapid and direct, mainly reflected in shorter supply weeks, lighter inventory pressure, and more rapid response to the market (Figure 2).

1) Shorter supply chain cycle. The traditional clothing supply chain has a period of nearly one year from design to listing. Under the new retail supply chain system, the supply chain cycle is accelerated by flexible cooperation with various suppliers and a small number of production modes. The price is reduced to a month or less in one year.

2) Lighter inventory pressure. In the first order, the brand makes the first order through the market forecast, and the output is used to satisfy the first stage of the sale. The order reduction mode reduces the inventory level and reduces the risk of excessive inventory to a certain extent.

3) Reflect the market more quickly. Through the first week of sales, brands can quickly judge the market acceptance of new products, so as to determine whether production arrangements are needed; Front-end sales are closely linked with mid-background production, but they also put forward higher requirements for the ability of mid-background cooperation.

3.3. Offline Experience Promotes Brand Stickiness

New retail is a focus, it is not the traditional subdivision of the mass market management, but there are many vertical minority groups of retail services [6]

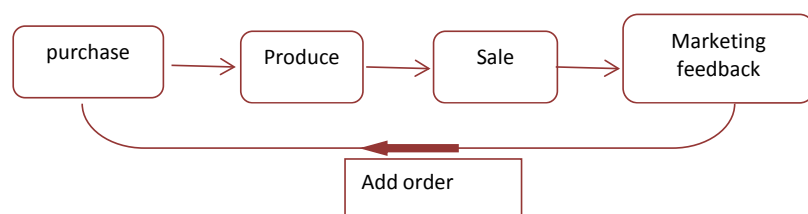


Figure 2. Brand rapid response mode [5].

[7]. Judging from the clothing market share for the whole of 2017, the sales trend of the three major fast fashion clothing brands has declined slightly, and consumers' fanaticism for the shop-style supermarket clothing shopping places is slowly beginning to weaken. The pursuit of "small and beautiful" clothing brand heat increased, but also reflects the fine differentiation of the clothing market.

How to subdivide the clothing market more accurately, lock in the target group, understand their needs and explore the potential opportunities become the top topic in the retail age change process. Assist and reconfigure internal and external resources to bring full-dimensional best experience to consumers [8].

The future clothing line retail stores are not profitable, but pay attention to the important function of layout experience. Offline stores give consumers more of a display and experience, so offline stores do not need a tight layout, let alone a large inventory, staff demand will be reduced accordingly. Offline experience, online purchase, and line really do the same price. Offline intelligent experience is the focus of the platform mode, such as intelligent fitting mirror, intelligent fitting room, intelligent self-payment, etc. The introduction of smart stores and the upgrading of physical stores will enhance the consumer experience and promote sales on the one hand, and reduce operating costs with new technologies on the other.

4. Suggestions on the Development of Marketing Mode of Garment Enterprises under New Retail

The new retail fashion marketing model is consumer-centric, providing personalized and customized products and services, as well as scene experience models that define business capabilities and digital technology by consumers. Data-enabled global businesses gain long-term competitive advantage through scenarios, interactions, connections, and experiences to improve brand stickiness and create new customer groups, new needs and new services [9]. Based on the new retail consumption mode, this paper puts forward some suggestions on the marketing of garment enterprises: 1) Whole regional fashion marketing model; 2) Digital and technical fashion marketing model.

4.1. Whole Regional Fashion Marketing Model

In the face of the overall innovation of this business model, global marketing methodology should come into being. Alibaba Group CMO Dong Benhong said that the whole territory is a new retail system with consumer operation as the core and data as the energy source to achieve a full-chain, all-media, all-data, all-channel marketing methodology. Ali extends the concept of global marketing to offline or even broader, with big data as the support, to understand the individual needs of each consumer, to explore the life-long value of each consumer to the brand.

1) Operation of potential customers

Good at exploring potential consumers is a brand constantly improving the

way to manage. The first is the label of clothing brand, secondly, through the on-line sales data, the consumer label, these two links are synchronized; the label of clothing and consumer matching, so as to achieve accurate drainage, rapid capture of potential customers.

2) The operation of new customers

Custom-made sales, to different segments of customer groups to display customer-made sales, targeted product display, promotion plan. For example, Tmall “thousands of people and thousands of faces” combined with the subdivision of the consumer group, the product subdivision reached a precise marketing model of thousands of people, and at the same time, with the help of the software suppliers in the Ali ecological circle, they used the art robot to complete the custom-made page design.

3) Operation of regular customers

We offer customized preferential services and promotions to our regular customers. When we launch new products, we promote them through the brand name and give them preferential prices. At the same time, we also stimulate the conversion of non-members to members

Tmall’s turnover hit a new record of 213.5 billion yuan in 2018, with the clothing category accounting for 20.3% [10], ranking first in all consumer goods. At the same time, online, offline and logistics close agreement ushered in a new node: millions of stores through the line and line, hundreds of thousands of stores to achieve full electronic; Big data as the bottom-level service, for businesses and consumers to build a highly personalized consumer scene. In addition, unlike global digital marketing giants such as Google, Amazon, facebook, Alibaba has gained a full-chain advantage by virtue of its retail platform. In a real sense, to help businesses achieve product marketing-personalized display or demand advertising, consumer interest and begin to interact with the brand, to cause consumer buying behavior or even become a member, to consumer repeat purchase, the entire marketing link is really through. In Alibaba’s global marketing ecosystem, the information of every user is connected, and every Taobao user is a real consumer.

4.2. Digital and Technical Fashion Marketing Model

In order to dominate the trend of digital new retailing, the key lies in taking the consumer as the center, grasping the new demand of consumers in the new era and adapting flexibly. In the digital age, the development of technology such as mobile interconnection has brought about the change of consumption habits for the clothing industry. The traditional marketing pattern is facing challenges and needs to be integrated [11].

With the arrival of big data era, the competition of garment enterprises is changing to the comprehensive strength competition of digital and science and technology. As a necessity of daily life, garment industry must make full use of digital technology. At present, the main force of consumption in our country has

shifted from the post-80s to the post-90s. The post-90s, as the recipients of new things, pursue a sense of science and technology, pursue new things, and pay more attention to the experience of buying. Therefore, Chinese garment enterprises should seize the opportunity to keep pace with the times. With the help of new technology, digital, relying on technology for clothing brand empowerment. The virtual fitting technology is becoming more and more prominent, from Taobao's 360° virtual fitting, Uniqlo online virtual fitting, to the recent JingDong's attempt to make the virtual fitting APP emerge in endlessly. JingDong's virtual fitting feature not only solves the problem of buying and choosing clothes online, but also plans to use the system offline to create fully mirrored figures, faces and hairstyles. Convenient and quick to try on different clothes, even free to try on hundreds of clothes in the store, quickly choose their own style and matching strategy; in addition, the virtual fitting scheme helps the brand to settle the user data to fill the gap of the offline data, and complete the accurate product production and development, and the brand can use these data to achieve the continuous tracking of brand data.

5. Concluding Remarks

The article first explains that the so-called new retailing is not only the integration of online, offline and logistics, but also that the development and current situation of China's garment industry need to rely on an effective fashion marketing model. Then it analyzes the three main problems that Chinese clothing brands have been facing in the process of development, such as stock backlog, low consumer loyalty and low profit, and solves the problem from the perspective of new retailing. It is concluded that the clothing industry in our country should take advantage of the characteristics of new retailing, set up the consumer-centered, use big data and new technology to reshape the brand marketing mode of our country's clothing.

With the development of the new retailing era, the marketing mode of Chinese brand clothing is facing unprecedented changes. At the same time, after 80, 90 become the main consumer, the overall clothing consumer goods structure has changed. Consumer demand is more personalized, and diversified. In the face of rapid and fierce competition in the clothing market, garment enterprises face not only challenges, but also opportunities. The marketing model of clothing enterprises under the new retailing is not simply adding the Internet, information and new technology to the traditional clothing retail, but also requiring enterprises to formulate the correct marketing strategy and always taking the consumer as the center. The integration of information and technology between the whole industry and the times is also the process of creating and upgrading the business model of the industry.

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Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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