A STUDY OF SUCCESSFUL ONLINE CLOTHING BUSINESSES

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ABSTRACT

This paper will discuss about how online clothing business can be successful. What did they use to maintain their business in long term. The research focuses on successful online clothing shops in the market presently. Data was gathering through in-depth interview approach based on e-business strategies framework. Three shop owners were selected by meeting criteria that had set. The qualitative information was analysed through content analysis. There are 5 main strategies show in result analysis which are: E-STP, ADOF Model, Marketing mix, ECRM, and EWOM. Also, there are some other techniques found out from interviewed session.

KEY WORDS: Online business strategy/ Successful online business/ Online cloth shop/ E-Strategy

19 pages

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CHAPTER I
INTRODUCTION

In the world today, we cannot deny that internet becomes a part of human life. In Thailand, there are 19 million Facebook users, 300 thousand Facebook fan pages, 800 thousand Instagram users (www.dailynews.co.th, 2013). Not only for information search or communication but also do some business transactions as we call e-commerce. E-commerce is the way to sell and buy things online. Just few clicks to make transactions completed which is convenient for both buyers and sellers. You can do it anywhere and anytime as you want. It is easier than the past because of technology development. Especially in Thailand, we are now in 3G network. People tend to use more mobile tools which affect to the expansion of online business.

PwC found out from research that online shopping trend increase all over the world. 59% of consumers follow online products, 43% buying products via smartphone, 41% buying products via tablet. It said Thai online market will continue increasingly and will be more than 100,000 million Baht in 2014. Online customers give reason why they bought things online because they get better offer than offline store. Some products are cheaper than normal 5-10% because it is no middle man in online market. Customers can contact manufacturer directly. Furthermore, social media has stronger impact on online shopping than the past. Almost 60% of online shoppers follow their favorite brands and shops through social media. Sellers can take this opportunity to make relationship and build brand loyalty with customers. (www.pwc.com, 2014)

I am the one who spend totally many hours a day on internet. Many people around me also. We communicate via email, Facebook, WhatsApp, LINE, and etc. Because of this change, it creates an opportunity for me to thinking of online business because I do not work right now so, I will have time to prepare stock and deal with online customers. I usually buy fashion product such as cosmetics, accessories, and

clothes online. Normally from Facebook and Instagram which are very easy. I just slide my fingers to look around all products and then make an order.

As cloth is one of four requisites. Its function is to protect human from hot and cold weather. Moreover, clothes can indicate style, characteristic, and personality of wearer. It is one of popular products that people tend to buy online. From Nielsen research in 2010, found that consumers expect to purchase product of clothing category online 36% which is the second rank of all products.

Top 5 Products/Services Global Consumers Expect to Purchase Online In the Next 6 Months	
Rank	Product
1	Books
2	Clothing/accessories/shoes
3	Airline tickets
4	Electronic Equipment
5	Tours/hotel reservations

Source: Nielsen Q1 Global Online Survey

Figure 1.1 Top 5 products global consumers expect to purchase online

Due to the high growth rate of clothing market and opportunity to do online business, I am interested to start my own online clothing shop. However, it does not mean that every shop can survive in high competitive environment. As I see some shops open and close for short period of time but some are still in the market for many years. Therefore, I would like to study how some cloth shops are famous, well known, and last longer even there are not international brand name. How they can maintain their brands. How they can get so many followers and why people buy from them.

CHAPTER II
LITERATURE REVIEW

Situational analysis in e-business

Veronika Svatosova has mentioned in "Marketing management of a successful e-business" (2013) that a successful company cannot reject any marketing concept. E-business also needs good marketing management along with the concept. First step in marketing management is you have to analyse your e-business situation by knowing your current situation and use analytical skill to predict future development. It includes analysis of environment, microenvironment, and internal of company. Analysis of e-business environment is based on economic situation in online and offline market. Also includes barriers and supports for your business. Analysis of microenvironment includes competition analysis for both online and offline, analysis of supplier relations, and analysis of online customers which are their behaviors, their needs and preferences. Internal analysis is based on SWOT analysis.

After knowing your business situation, you can apply appropriate strategies to improve business performance. There are five significant marketing strategies that successful online clothing business should have.

E-business strategy

1. E-STP

Refer to the same author, Veronika Svatosova, this strategic marketing concept goes before own e-business. Online segmentation is to divide world to chosen homogeneous segments. After that, online targeting, if you know your target customers well enough, you can offer something match with their needs. Generally, the main group of online customers is between 18 to 35 years old from middle and higher middle class. Finally, online positioning is needed to define your product or service against competitors and against particular group of customers.

2. ADOF Model

According to "Towards successful E-business strategies: A hierarchy of three management models" (Eelko K.R.E. Huizingh, 2012), said one of the model that help to meet operational success of web site is ADOF model which stand for accessibility, design, offer, and fulfilment. The metaphor for ADOF model is a funnel which made up by consequence of rings. At each ring a company can lose potential loyal customers.
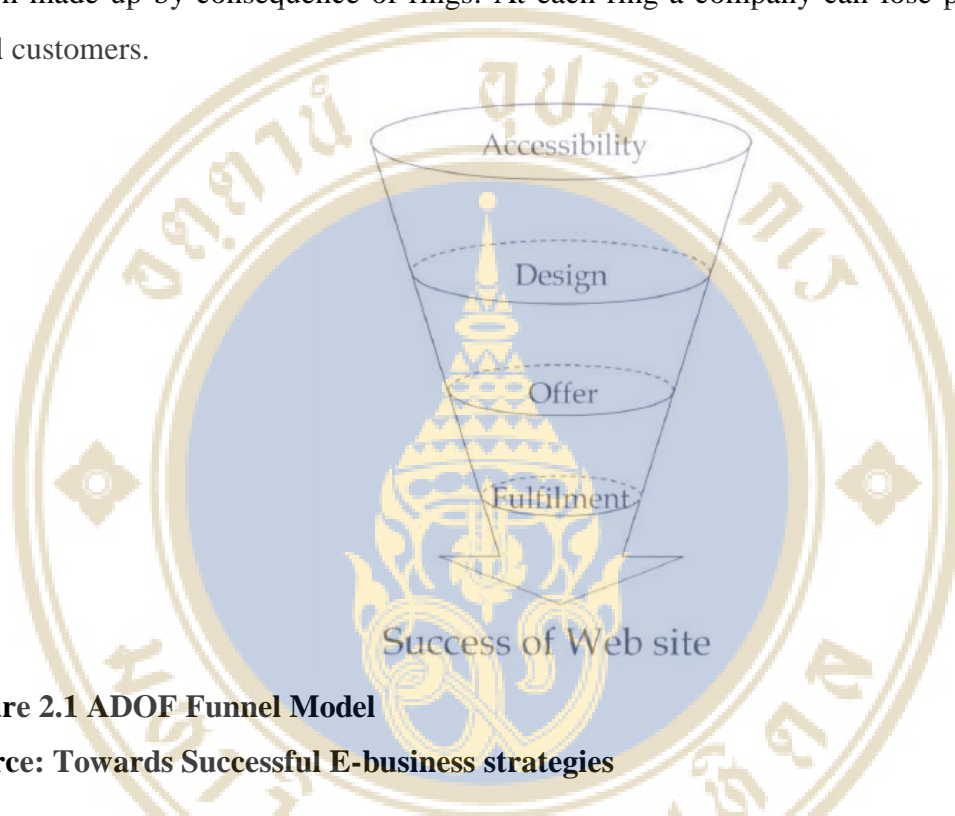
Figure 2.1 ADOF Funnel Model
Source: Towards Successful E-business strategies

● Accessibility – refers to potential customers can find your website easily. From a supplier's perspective reflect the ability to generate traffic to the web site, which is often considered to be a major success factor. The "build and they will come" model is insufficient to draw customers (Parsons et al, 1998). There are many ways to improve accessibility. The first one is to have obvious URL addresses which affect your web site become easier to find. It can be your brand or your company's name. The second way is to add your site to search engines. Another way is to place banners and links on affinity sites.

● Design – the content of web site should organize and present in a way that visitors can easily find what they are looking for. Also, it should inform and

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entertain, but these two goals should not be separated functions. Web site should entertain while inform, it means design must present in an attractive way.

● Offer – quality of the offer is determined by attractiveness of that offer. Quality can be increased by easier access information, increase availability, and fast buying process. Another offer that can determine attractiveness is price. Price on web site should be lower because of disintermediation. However, it does not imply that online price always lower than offline price. Strategies such as customization, personalization, and bundling can lead to higher costs provide companies potential to increase price.

● Fulfilment – refers to the extent which company is able to meet its own promise with product and the service standards in web site. The quality of fulfilment is determined the quality of management behind web site.

3. Mccarthy's four Marketing mix model (Siamak A. and E., 2012)

● Product – on internet, consumer can collect information of product and service without travelling to store. They can easily compare price and find close substitutes, companies are force to lower price. An alternative for companies to make comparison of product more difficult is differentiated their products from others. Another strategy is innovation or niche products, which has small competitors. This way, company can set higher price. One more strategy is customer-centric strategy, which pulls information from customer to improve and develop products. Last strategy is an expansion into related product lines.

● Price – because consumer can compare price easily over the internet so, it leads to increase price competition and lower price for product or service. Company can improve product or service offering by added values to protect their profit. Better product or service will raise customers' switching cost and still command higher margin.

● Place – the place aspects are closely related to distribution and delivery of product or service. One way that company can differentiate from competitors is faster and more efficient delivery product to their customers. The internet allows company to jump over part of traditional supply channel.

● Promotion – traditional mass marketing use television commercials, discounts, coupons, trade allowances, and sweepstakes is no longer successful on the internet. To manage e-business effectively and efficiently, company has to adapt promotion strategies different from those traditional marketing. One tactic is to build a direct link with consumers and enter into a dialogue with them about product. Company can provide customer about information of product, collect information about their customers, and engage in data mining. Then they can customize product to meet customer needs and offer promotion to specific customer groups. This process helps to build a base of loyal and profitable customers. The internet encourages company to apply this marketing base on direct, personalized relationship with customers. Also, company must formulate customer-centric promotion strategies that respond to new customers' power.

4. ECRM (Cain Evans, 2001)

One of the main purposes of e-business is to improve the efficiency and relationship between business and customer. ECRM is tool that help e-business provide better approach in dealing with customer relationships. Customers will have a good online experience. Some of these components include (a) E-ordering online; (b) E-customer discount; (c) E-reporting, monitoring traffic, and e-mail.

5. EWOM (Julia Wolny and Claudia Mueller, 2013)

E-word-of-mouth is under category of viral marketing. It defines as positive or negative statement made by former, actual, or potential customers about product or company, which available to other people on the internet. WOM has greater impact on customers' purchasing decision and more trustworthy than other communication channels. Brands are looking for customers' comment and feedback to improve their products. Moreover, if EWOM is more on positive, it is one way to create trust and brand awareness to their customers.

CHAPTER III
DATA COLLECTTION AND METHODOLOGY

This research paper use qualitative method to collect information. I conduct in-depth interview by face-to-face with three interviewees. Moreover, I used non-participant observation technique by looking at their historical transactions and past posts on the internet. All of them are owners of successful online clothing shop in the market presently. Interview sessions were conducted in November 2014.

Open-ended question approach is being used during the interview process because interviewees can answer what they are thinking honestly and openly. It encourages them to answer with their opinions, feelings, and concerns. In addition, it helps to minimize variation in the questions posed to the respondents (Rita S.Y. Berry, 1999).

The successful online clothing shops were selected if they meet all criteria which are:

a) Has operated equal or more than 2 years and still continuing

b) Famous and well-known in online clothing market. This point can see from number of likers and followers of each shop depending on their product type in the market. For example, niche market may got only some of likers when compare with mass market.

c) Willing to share insight information about their business.

After contact many shops, there are three different kinds of shop meet above criteria.

Shop 1 Lalitasaboy

This shop is owned by Khun Lalipat Sobhawongse. It has operated for 2 years. It focuses on niche market for person who loves to wear natural fabric clothing. Description of the shop is *"Menswear inspired clothing brand. Start from a crush in menswear's charm which is minimal, comfortable, with subdued colors, natural, and not following the trends"*

It got 12,511 likes for Facebook fan page and 6,459 followers for Instagram (Information as of 12/11/14). It took one hour for interview.

Shop 2 MorningKiss

This shop has two partners but I had interviewed with one of them, Khun Punyaphum Sutheearayaniti. It has operated for 4 years with almost 20 staffs in the shop. It focuses on mass market with sweet clothing style. It got ranked number 4 from Stylhunt on September 2014 which ranked for top ten Facebook clothing shops whom got highest likes. Moreover, it is one of top ten famous shops from Benmanhire web site.

It has own website which is the only one purchasing channel of the shop. Facebook and Instagram are using for communicate with customers but cannot make an order. It got 1,066,106 likes for Facebook fan page and about 25,000 followers for Instagram (Information as of 13/11/14). It took one and a half hours for interview.

Shop 3 Loony'shop

This shop is owned by Khun Thapanun Suangkaew. It has operated for 2 years which focuses on mass market with Korean clothing style.

It got 96,356 likes for Facebook fan page and about 31,000 followers for Instagram (Information as of 18/11/14). It took forty minutes for interview.

The interview questions are based on all of elements in literature review. There are about situational analysis and five marketing strategies which are ESTP, ADOF Model, Four marketing mix, ECRM, EWOM and other techniques in doing online clothing business.

CHAPTER IV
RESULT AND DISCUSSION

All three shops are different not only for products but also their sizes. Lalitasaboy and Loony'shop are similar to SMEs. As they has only owners do everything since find clothes, receive orders, packing, delivery, manage web site, and etc. They receive orders by LINE and Facebook which they talk with customers by themselves. On the other hand, MorningKiss has bigger size. It uses system in all steps of the business. The first time that customers want to make an order, they have to go to its own web site and register to be member of the shop. They have to fill in some personal information. Then they will get username and password which can use for next time. System helps a lot in term of immediate response to customers and reliability.

Customers can order and check products' availability all the time. No need to wait for reply from LINE or Facebook. Moreover, they can choose method of payment that convenient for them. In addition, they can get auto discount when meet condition of promotion. By using this system, it reduces error and increase effectiveness of purchasing process. The operation is faster which can increase customer satisfaction. However, system required higher investment which I think it is suitable for big shop only.

Situation analysis in e-business

From interview, there is only one shop that usually analyse its e-business which is MorningKiss. I think because it operates as a company not just only one owner does everything. The owner said it is very important to update his shop all the time. Especially for fashion market, it grows and changes very fast. He has to catch up on trend and provide in-trend cloth to serve customers on time. Furthermore, he uses statistic from system to analyse customer behaviour. Other two shops told me that they did not analyse much but they have compared their shops with competitors sometimes.

E-STP

All shops have set target and position themselves as below

Table 4.1 Targeting and positioning of each shop

Shop	Targeting	Positioning
Lalitasaboy	22-35 years old	Niche/ Differentiate/ Natural material
MorningKiss	More than 20 years old	Mass/ Sweet look
Loony'shop	15-30 years old	Mass/ Low price/ Korean style

ADOF Model and Mccarthy's Four Marketing Mix Model

Some of these two strategies are similar so, I will group them together.

● Online shop accessibility and place

Table 4.2 Channel of each shop

Shop	How is accessibility?
Lalitasaboy	Facebook, Instagram
MorningKiss	Facebook, Instagram, www.morning-kiss.com
Loony'shop	Facebook, Instagram

● Online shop design

All three shops told me the same thing about web design that good web design and beautiful pictures can draw a lot of attention from customers. They take picture of clothes by professional photographer with their own models. Also, they write down all details of cloth such as how many colors, size, price, and etc. Therefore, customer will know and can make a decision to order after read all information. Not all of followers being their customers. Some of them just like clothing style and pictures. For MorningKiss, it has updated web site all the time to make customer feel fun and enjoy shopping more frequently. If there is any comment or feedback from customer, they will adjust immediately.

• Online shop offer and price

Table 4.3 Price range of each shop

Shop	Price range
Lalitasaboy	1,390 – 2,990
MorningKiss	300 – 1,xxx
Loony'shop	200 - 450

As three shops have different target group so, their price are also different. All of them told me that they use cost based pricing strategy. But there is small market and competitors for natural material clothing. It is an opportunity for Lalitasaboy to set higher price because target customers have potential to buy. Loony'shop uses strategy of cost leadership. She marked up on price not much because focus more on selling high products' quantity. Also, its target group start from 15 years old, they can buy at this price easily. MorningKiss set price in medium range. Most of clothes are around 300 – 800 Baht. He said clothes over than 1,000 Baht, customer will less buying.

Not only attractive price that they offer to customers but also fast buying process. Lalitasaboy and Loony'shop receive order by LINE and Facebook. They answer as fast as they can. Customers are satisfied with faster service. For MorningKiss, it uses system help buying process to be real time. Customer can order, make online payment, and waiting for cloth at home. It is very easy and convenient.

• Online shop fulfilment

All of them consider customers' satisfaction as the most important factor on maintaining their business. So, they try to fulfill this area by serve customer the best. Real products are same features as picture on web site because they take a photo from real product in stock. They also provide fast delivery. Product will deliver on next day of the payment day. If customers have problem with product and want to change or return, three shops are willing to do as customers requested.

• Product

All shops sell ready to ship clothes. They said it is better than pre-order because normally, customers want to get product as fast as possible. They do not want to wait. If pre-order, they have to wait about 2 weeks.

Table 4.4 Product of each shop

Shop	Product	When launch new collection/ lot?
Lalitasaboy	Natural style, casual day	Depends on owner. She is designer also. (latest collection is 5)
MorningKiss	Sweet style, various occasion	Every month (latest lot is 47)
Loony'shop	Korean Style, casual day	Every week (latest lot is 93)

They also said high quality of products that answer customer need are the best thing to make repeat purchase customers. Lalitasaboy and MorningKiss mainly focus on style and quality of cloth the most. Lalitasaboy provide handmade cloth with neat cutting for all details. MorningKiss also has quality control checking and iron clothes before deliver to customers.

• Promotion

Table 4.5 Advertising and Promotion of each shop

Shop	Advertising
Lalitasaboy	Facebook ads
MorningKiss	Use net idol as model
Loony'shop	Facebook ads

Shop	Promotion
Lalitasaboy	Review to get discount, Share shop to get discount
MorningKiss	Member program, Review to get discount, Discount when buy 5 lots in a roll, Discount for top spender of the month
Loony'shop	Buy 2 pieces or pay in 24 hours get free ems delivery

There are a bit different from traditional marketing. For small shops, Lalitasaboy and Loony'shop use Facebook advertising. Facebook users can see their advertisement then go to visit their shops but MorningKiss use another way which is well-known model. It uses Ying-yae and some of Miss Teen Thailand who are famous in online world to be model. After post picture of model wearing its clothes, it can attract target group to register to be member and buy product. It means celebrity endorsement also has an impact on customers. However, Loony'shop uses its owner to be a model. She looks young which attract a lot of target teenagers to buy clothes follow her style.

All of them launch promotion to match with the need of their customers. Lalitasaboy and Loony'shop do not have many promotions as they want to pay attention on clothes. Therefore, promotions are always the same throughout the year. Review clothes to get discount is the good way to make customers feel like they get special offer and it is the way to promote their shops to new customers. For big shop like MorningKiss, it launches variety of promotions to their customers. Normal member can upgrade to be platinum member after they spend totally 35,000 Baht. Platinum member are limited and will get special promotion than others. Member can be collect point. After each purchase, they will get points depending on products' price. Then they can use point to be discount. The reason that MoningKiss do is to encourage customers to buy more and it is really worked.

ECRM

Three shops keep customers' details including personal information and what they had purchased to know their preference. They can adapt new collection to be more matched with customer need. Also, the thing that update on web site sometimes is not about product but just want to keep in touch with customers.

Moreover, they send greeting message on customers' birthday. They try to talk with customers politely and friendly way. Customers can feel like seller is their friend. Combination of good products and good customer relationship management can keep customer to be loyal. As MorningKiss's owner said he uses 80/20 rule of marketing that 80% of profit come from 20% of customers. He thought keep and maintain existing customers are better than finding the new one in term of cost and time. So, he pays more attention on their member customers.

EWOM

As all three shops are not advertising much, they think in the same way that if they serve good clothes and best service then customers will tell others by themselves. They can prove these by many customers share or review about shops and clothes in positive way even it is not in discount period. Review from customers consider as word of mouth too. It can boost sales a lot. It helps customers to see clothes in normal people not only model from that shop. Some customers do not confident to buy clothes from seeing at model. They thought model has a good shape which can be looking good in whatever she wear. Therefore, when they see customers' review which is beautiful, it is high chance that they will buy. Shop owners told me that if some clothes have nice review, they will sold out very fast. Word of mouth can create trust and brand awareness to other shoppers on the internet. For example, the shop that got high number of followers can draw attention from new customers more because it a sense of trustable shop. They told that a lot of their customers come from word of mouth.

Other techniques

1. Additional service – actually all of them sell ready to ship clothes but sometimes customers ask for change pattern a little bit such as add sleeve for original sleeveless, cut trousers legs or skirt, add lacework, and etc. Lalitsaboy will customize according to customer requested because the owner can deal with tailor. For other two shops cannot serve this service as clothes made in huge lot from manufacturer in China. But they willing to change for new clothes or pay money back whenever customers did not satisfied with what they get. Moreover, MorningKiss serve

additional service by set a "used items" link in its web site. It is a place that customers can sell their used clothes which bought from MorningKiss to other customers. It has good respond. Many customers bring out their used items to sell. Then they can buy new one from the shop again.

2. Good staff – even MorningKiss has more than 20 staff but owners still talk with customers and manage all problems by themselves. They said to have good staff is also important. Company cannot be success if they hire inefficient staff.

3. Repeat post – online shops will post something to remind customers that when they are going to launch new collection and keep repeat post like this till the day of selling. Customers can notice and remember when they should visit web site to see new products.
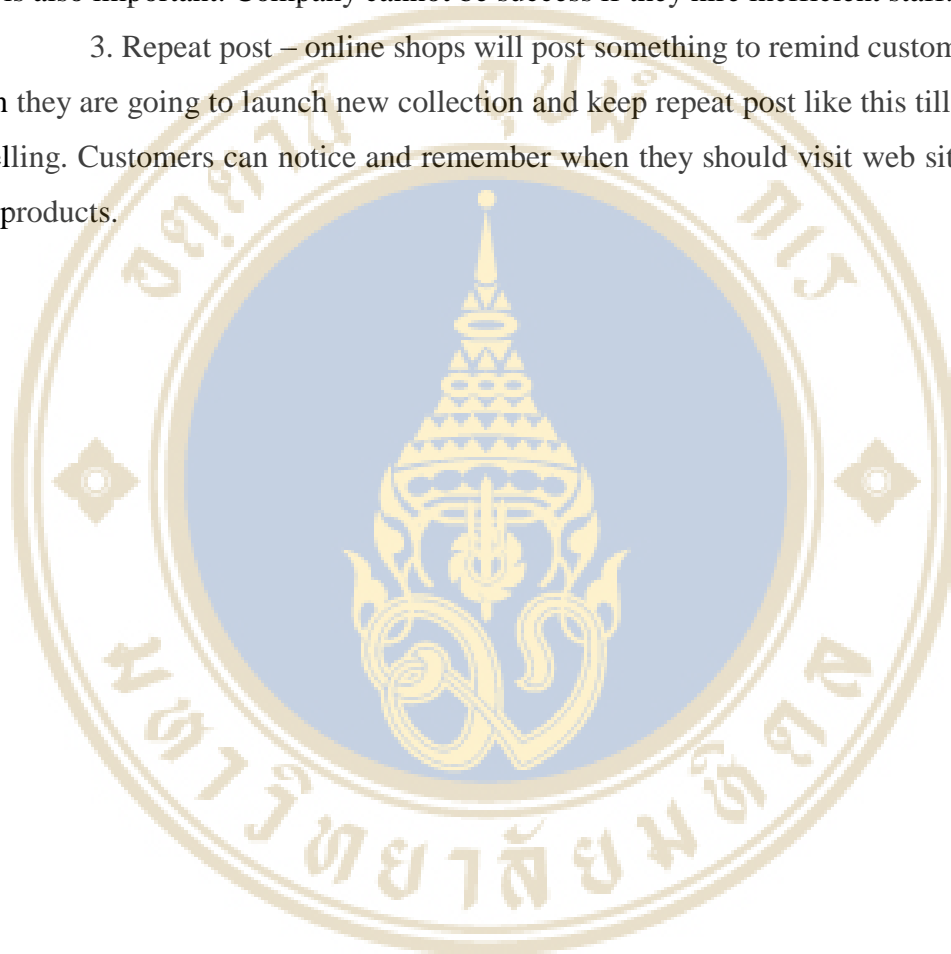
CHAPTER V
CONCLUSION AND RECOMMENDATION

Conclusion

From analysis and discussion, to be success in online clothing business must apply many marketing strategies. All of those strategies are important in online business. If adapt them in appropriate way and suitable situation, it will help business success faster. Three factors that successful online clothing shops focusing the most can be rank like this;

1. Attractive design – three shops hire professional photographer to take picture of products with model. Picture of cloth on hanger only is not enough to make customer imagine what it will look like on human body. Picture should show its own style of that shop. It will be better if customer can recognize shop from picture. Also, web design should be well organized and presented full information of products so, customers can access information easily. Design is the first thing that can impress potential customers. Nice design and nice pictures can draw a lot of attention from customers in the first stage.

2. Product – ready to ship and high quality of product helps customers to make repeat purchase. Three shop owners believe that if they sell good quality of clothes with neat cutting, customers will come and buy again for other collections. Cloth itself can make customers recommend or tell other people by themselves. They are willing to share good shops to others and become word of mouth finally.

3. Fulfilment – good product should come with good customers' service to make business sustainable success in long-term. From analysis of their customers show that the most concern factor for them in buying clothes online is returnable. If the shop allow customers to make change, return, or refund, they will feel more comfortable to buy. In addition, shops should provide customer the best service. When customers have any problem, it should be fixed fast without any execute.

Other strategies also important in doing online clothing business but they can be done after these three factors.

Recommendation

To use any strategy in online clothing business is depend on each business in term of business sizes, investment, products, and production capacity. If it is small which owner does everything, he or she should well manage its operation with fast service provided to customers. If it is big size and has high investment, using system can help buying process more efficiently and faster than manpower. Moreover, it helps reduce errors which affect to increase customers' satisfaction.

There are many clothing shops in online market presently. To survive in high competitive market, shops should have their own style or new idea to be unique from others. Good reputation of the shop also important for first time online shoppers. They can aware of more safety in buying process and guarantee of getting products surely. Normally well-known shops will have high number of likes and followers, it is one way to show how good they are and how trust they can be. Advertising and promotion can help raising those likes and followers. They should launch more advertising campaign to expand in bigger market because there is less in this area.

Limitation

According to the research, there are some limitations occurs during data collecting session and methodology process. The first one is time constraint. There are limit time in collecting data. The second one is small sample size in this research. I had conducted interview only from 3 shops which may not get accurate result. Moreover, successful in others' opinion might be different from mine which result cannot represent for all successful online clothing shops.

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