The Success of Marketing Strategies Adopted by Startups in the E-Commerce Apparel Industry in Bangalore

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Abstract: The research studies the marketing strategies adopted by fashion apparel startups in the e-commerce sector. It studies how limited funds are utilized by emerging start-ups to penetrate the targeted segment of customers. It also emphasizes on customer awareness and satisfaction levels of their target customers in terms of start-ups in the e-commerce apparel industry in Bangalore.

Index Terms—Marketing strategies, Fashion apparel, Emerging startups, Customer awareness, Bangalore.

I. INTRODUCTION

Start-ups are only 20% about the idea itself, the rest is centered around selling the idea as today’s market condition have made it a cardinal necessity for any business to convince the customer of its idea and product. While this task is challenging enough for any company to accomplish, the difficulty level increases when there is a limitation on the funds available. Thus, reaching out to maximum number of people in the most effective manner becomes a challenge for start-ups.

Recently, The Narendra Modi Government, under the ‘Start-up and Stand-up India’ initiative, modified the definition of ‘start-up’, to include those businesses that are seven years old and are eligible for government-sponsored funding, tax and other benefits changing the earlier five-year time period.

Bangalore, the Silicon Valley of India has individuals brimming with ideas and many opportunities, particularly in the IT sector. The rise of various firms, business incubators, financial investors and provision of schemes for easy loan in banks, the process of raising funds has become more accessible, and hence the start-up idea more real. The e-commerce industry, the apparel sector in particular has benefitted from the growth of technology and spread of Internet connectivity. The presence of innovative new advertisements serves as a stimulant to evoke the creativity in the young minds of individuals, exhorting them to take interest in the field of marketing. In general, there are many limitations in comparing the marketing management in start-ups v/s in big companies. The stages of comparison include:

- Marketing starts with data. However, a start-up doesn’t have a data department or access to any historical records. Most of the data comes on real-time basis as the start-up grows and is usually buried in as big data that need to be deciphered. Acquisition of HR talent to decode, analyse and interpret is important to bring out actionable insights.
- It is essential to ensure that every decision made has considered all the available insights. The challenge is that insights can be ambiguous, and subject to various interpretations.
- For optimum resource allocation, creating a structured and uniformed segmented view of the market plays a key role. However, a start-up relies on a number of hypotheses that are to be proven and a clear segmentation of the market may not be as clear initially.
- Segmentation, targeting and positioning of products and services demand that the customer base is fixed. In reality, start-ups often don’t define their market segment precisely, and it is a moving target.
- Business objectives are based on outcomes and not just on specific activities. On the contrary, a start-up is going to be focused on customer acquisition, trials, conversions, engagement, enhancing user experience and learning the industry specific growth hacking techniques.

The rationale behind the study is to identify the obstacles which stood in the way of start-ups and how their marketing strategies can be made more effective. By tracing the methodology used by successful companies and mistakes committed by the unsuccessful ones, along with the pre-existing established marketing strategies to formulate the principles of good marketing management, start-ups can best utilize their resources. Hence, the objectives of this research are as follows:

- To compare and contrast the opportunities received and the challenges faced by start-ups at the time of marketing
- To analyse the customer awareness and satisfaction levels with different companies in the e-commerce industry
- To understand the marketing strategies adopted by start-ups and big corporations and study their success or failure and the reasons behind them
- To develop a collection of common marketing management techniques appropriate for start-ups.
II. REVIEW OF LITERATURE

Digital marketing is the platform to leverage technology and utilize social media platforms as the most cost effective marketing method, which enables two-way communication. Advantages include wider geographical coverage, increased customer awareness and trust. Reports suggest that male youngsters, who are interested in online shopping, dominate Internet usage. The results indicate that 80% of users are influenced by ads, 60% use Internet for more than 2 hours a day. Start-ups need little start-up capital for business, while focusing on blog promotion, web based and email advertising, which minimizes cost of creation, staffing and promotions. (Singh and Singh, 2017)

Digital marketing and technological environment helps generate large amount of data which can be capitalized to produce results which can be leveraged to better equip companies to handle changing market trends and customers’ needs. Digital environments help share business information, build corporate and customer relationships and carry on transactions smoothly. Entrepreneurs focus on data driven products and strategic decision making to become competitive in order to grow businesses, which leads to further basic and applied science research. These techniques help businesses to create value and increase market share. (Beier, 2016)

According to Prof. Ravi Kalakota, University of Georgia and Prof. Andrew Whinton, University of Texas, e-commerce refers to the sale and purchase transactions executed on the digital media. They have defined e-marketing as “the strategy that the agency or organization uses the modern communication technical methods to exchange the potential markets to reality markets”. E-marketing makes up a significant component of a successful functioning of an e-commerce company. It is the entry point of small and medium e-commerce enterprises to carry out their business in an environment, which is dynamic and not yet mature. Therefore, the e-marketing is also referred to as a method of enterprise management (Meng, 2010)

Study conducted by Pogorelov and Yakhneev (2016) on the marketing mix of e-commerce industries provides us with important insight on the significance of the various factors involved in the mix and their combinations. While analyzing product, they emphasized on the availability to all electronic sellers, the possibility to develop the commodity groups of electronic products and services. These do not have a materialized form and are found implementing the “economic form” of information, i.e. the forms of its economic realization, exchange, assignment, use and consumption. The study focuses on flexibility in the pricing methods available to the e-commerce industries. Prices, here are highly dynamic and depend on the market conditions. While considering place, various factors affect this component like method, volume and speed of delivery along with the conditions and cost of delivery in advance. Promotion is the most important tool, which separates one business from the other. It provides an opportunity to interact with the customer where in if the campaign proves to be a success, the company goes viral. (Pogorelov, Yakhneeva and Agafonova, 2016). Thus, while summarizing the marketing mix, the authors include product which refer to the end-used goods, price which is highly influenced by flexibility in pricing policies, place, referring to the interconnected virtual sales channels and process which emphasizes on the unity of production and the efficiency of the delivery. (Pogorelove, 2016)

E-commerce startups can usually select their marketing strategy form among the four, which include mass marketing, multi-segment marketing, niche marketing and/or micro marketing. (Strauss, El-Ansary, & Frost, 2003, p.231)

The marketing strategies used include domain name, which is one of the most important aspects of the attracting customers to the website/app. Moreover, e-commerce companies have increasingly adopted permission marketing which refers to taking permission from the customer to send him/her information about the products and services available or introduced. (Svedic, 2004)

The value bubble model developed by Parsons, Zeisser, and Waitman in 1998, and was based on an original design by the McKinsey and Company consulting firm (Kierzkowski, McQuade, Waitman, &Zeisser, 1996). The model is usually considered while evaluating websites as it emphasizes on the website presence and strategies of the organization. 5 key elements of this model given by Albert and Sanders (2003) include attracting those who want to interact with the customer where in if the campaign proves to be a success, the company goes viral. (Pogorelov, Yakhneeva and Agafonova, 2016). Thus, while summarizing the marketing mix, the authors include product which refer to the end-used goods, price which is highly influenced by flexibility in pricing policies, place, referring to the interconnected virtual sales channels and process which emphasizes on the unity of production and the efficiency of the delivery. (Pogorelove, 2016)

The growth of the fashion apparel industry in the e-commerce sector is a result of the increased use of Internet in an attempt to improve the efficiency and effectiveness of marketing in order to provide customers access to information about products and their availability, build brand value, and to offer customers a convenient medium to make purchases online. (Tuunanen, Rossi). While the apparel industry was traditionally slow to adopt new business practices (Masters, 2000), it has recently become extremely active in the area, and a number of new initiatives are being introduced on a constant rate, both on business-to-business and business-to-consumer sides. (Tuunanen and Rossi)

The BUMMAT model (based on Järvelä&Tinnilä, 2000) provides different options for technology and channel choices for e-retailing. It focuses on 4 major aspects, which affect customer channels of the online fashion apparel businesses. Here, customer channels (originally by Vepsäläinen& Saarinen, 1998, and extended by Kallio et al., 1999) refer to the major functions of any given e-commerce site. While displaying the traditional trade processes present in any commercial transaction, they are divided into marketing, financing, ordering and delivering channels. The first aspect affecting the customer channel includes user view which refers to the consumer context which refers to the array of media channels available ranging from cable and satellite television to the Internet and a host of magazine titles (Stankevich, 2000). The second aspect refers to the business model, which is found in both business articles and academic literature. However, dealing with e-commerce and information economy, the definitions used are
often either vague or nonexistent (Timmers, 1999; Amit & Zott, 2000). The third aspect refers to site design, which includes issues such as the visual image of the site, as well as linking and connections to other sites. These are the issues traditionally referred to as “web site design”. They include the technical site design and management (Rossi & Schwabe, 2000). The fourth i.e. the technical components in the framework include the infrastructure and related components as well as relevant back-office systems. There are a number of technical issues to solve, some of which are common to e-commerce in general, and some of which are particular to apparel e-commerce, for example use of “web safe” colors, sizing practices, etc. (Tuunainen and Rossi)

Recent study conducted by Amrita Pani and Mahesh Sharma, lists the factors, which affect the growth of the online fashion industry in India. According to their study, this growth is the result of many influential factors which include a rise in average household income, increasing trends of special occasion, growth of women empowerment, self-expression, rapid urbanization and modernization, incessant growth of “organized retail” and diffusion of fashion innovators (Pani and Sharma, IJBMT 2012)

D. K. Gangeshwer, in his study has analyzed the advantage and disadvantages that e-commerce sites are exposed to. The most significant advantages include the full time availability of information to the customers along with the flexibility and the choices offered to the customers while at the same time eliminating inventory costs, rents, etc. e-commerce provides an added advantage of attracting a significant part of the demographics while being less expensive and easily identifiable and repeatable. The disadvantages include the lack of face to face interaction, which slows the customer building process, and along with the increase in security issues arising out of sharing of customer details. (Gangeshwer, 2013)

Analyzing the perspective of the customers, e-commerce’s themselves possess both advantages and disadvantages to the customers, thus affecting their image and brand loyalty. The advantages include time saving, convenience, ease of comparing options and reviews along with availing the features of coupons and bonds. The disadvantages include issues with privacy of customer data and hidden costs and issues with quality with delay in delivery and the lack of personal information. (Franco and Regi, S, 2016)

### III. RESULTS

Many new online fashion retailers have been established recently which include Shein official, Cyankart, Club Factory, Wish, etc. These emerging brands have had to compete with existing players like Jabong, Myntra, etc. not only in terms of the services they provide but also in terms of brand awareness and brand loyalty.

The recent trends of digital marketing provide the customer with an array of goods and services available at all times. With the growth of e-commerce going hand in hand with that of e-marketing, the customers have increased options and choice. Thus, it is essential for start-ups today, to invest in customer relation building and network developing. Moreover, a study of the marketing mix of firms in this sector has revealed the flexibility they have in terms of pricing and the emphasis of network management and delivery channel management. In cases where The delivery companies are not handling the increase in demand efficiently, their customers blame the e-commerce company. It is imperative for organizations to ensure maximum satisfaction in all aspects ranging from website design to efficient delivery as customer loyalty depends on the entire experience. The startups in this sector have adapted to the changing customer trends like showcasing their collection on social media and adopting the newest fashion.

Considering the huge market in e-commerce, there is a definite need for effective management. The only way for a company online to be successful in the long run is dealing with problems and making corrections. With many barriers involved in e-commerce, companies must be able to effectively and efficiently manage each phase of the marketing mix.

### IV. CONCLUSION

Recent trends emphasize on the close relationship between e-commerce and e-marketing especially in the fashion apparel sector. With many new online retailer coming up, fashion e-commerce businesses have increased their focus on marketing, as it is the most common and easy way through which they can reach their customers and create brand loyalty. Considering their limited personal contact with their customers, marketing and promotions are the primary areas through which they build their customer relationship. Thus their marketing mix, too, is unique so as to cater to the large segment they target. Thus innovation in these two fields should happen simultaneously so as to provide maximum benefit to the customer and optimize the growth of the industry and organization.

### REFERENCES


