

The Influence of Network Economy on the Marketing Strategy of FMCG Clothing Brands

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Abstract: This essay investigated the network economy as well as the factors that influence the marketing strategy of FMCG clothing brands. Network economy is becoming a common trend, and in the last twenty years have witnessed a huge growth in network economy. The next decade is likely to see a considerable change in the marketing strategy of FMCG clothing brands. This article aims to analyze how FMCG clothing brands have adapted to the network economy by changing their marketing strategies. It also finds out how companies are applying marketing strategies to make the network economy an opportunity for the FMCG apparel industry.

Keywords: network economy, marketing strategy, FMCG.

1. Introduction

Everyone has their own interpretation of marketing. Many people think that marketing is about selling products through advertising. In fact, this is indeed part of marketing, but marketing covers much more than that. The American Marketing Association (AMA) defines marketing as the activity, set of institutions, and process for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large [1]. Marketing has gone through four eras, which are the production era, sales era, marketing era, and relationship era [2]. A new era is rapidly approaching, the mobile internet/on demand marketing era. The growth of the internet has altered the marketing landscape and affected all facets of marketing. The network economy age has altered how businesses think about and practise marketing. At the same time, in this era, the advantages of the internet, such as fast speed, openness, intelligence, and all-weather access, are driving the sustainable development of the network economy. This essay focuses on the influence of network economy has on the FMCG clothing brands. FMCG is an abbreviation for Fast Moving Consumer Goods. It refers to the goods that have a short life cycle and are consumed quickly. Also known as PMCG, Packaged Mass Consumer Goods, as the name suggests, products are packaged into small individual units for sale, with a greater emphasis on packaging and mass merchandising. Zara and H&M are two typical examples. We can say that a networked economy broadens the scope of everything, and all the companies and businesses including FMCG clothing industry, should consider a new way of thinking.

2. Characteristics of FMCG

Fast Moving Consumer Goods have distinct differences in the purchase decision and purchase process compared to other consumer goods. FMCG products are impulse purchases where appearance, packaging, advertising, promotion and price all play an important role in sales. FMCG clothing brands are therefore characterised by three features: convenience, visualization of products and brand loyalty.

2.1. Convenience

Customers can habitually buy close to home. Generally speaking, FMCG brands are chain stores. For example, ZARA, the fast fashion clothing shop that became popular for its fast, fashionable and low prices, has expanded its shops significantly since it opened. In 2014, ZARA even surpassed the then-celebrated Metersbonwe, with nearly 150 shops. ZARA locations are generally chosen where there is a high concentration of foot traffic. The flagship shops in the USA and Paris are rated as the most stylish shops in terms of decoration. In London, ZARA is located on Oxford Street or near Harrods. In China, ZARA can be found in famous shopping areas such as Xidan in Beijing and Nanjing Road in Shanghai. Another thing to note is that many of the nearby brands, including Burberry and Gucci, are well-known global brands. As a result, customers would psychologically believe that ZARA is also a high-end brand. Despite the high rent in certain neighbourhoods, there are significant cost savings through reduced advertising. ZARA employs the landmark effect and only spends 3% of their annual budget on advertising to establish a premium brand image.

2.2. Visualization of Products

The visualization of products is important because consumers are easily influenced by the atmosphere of the shop when making a purchase. The use of images for the goal of marketing products or promoting brands is known as "visual merchandising," which is an orientation to marketing tactics and a visual experience. Visual merchandising, to put it simply, includes shop displays and window displays. When introducing new products, ZARA's specialized visual merchandising team develops new plans. Generally speaking, visual merchandising in the clothing industry will be considered in terms of the colour scheme of the garment, the matching of items, the background, the theme and so on. There are many aspects to consider when placing the display. ZARA focuses on the lighting in their shops, with multi-point projection and metering being used to good effect. In addition, the change of lighting colours gives the whole store a vibrant and holistic feel and makes consumers want to buy. Creating an illusory dream visual experience. The whole shop reveals, reflecting the modern woman's taste for luxury and fashion in a fast-paced life.

2.3. Brand Loyalty

FMCG products generally have lower levels of brand loyalty and customers easily switch between the same product categories. The FMCG industry itself is a highly competitive industry. Manufacturers of FMCG products are at the beginning of the chain and the end customer is at the end of the chain. In the FMCG market, H&M and ZARA are two of the most familiar companies to customers. For almost all customers, the products of these two companies can be used as substitutes for each other. It is not the brand that customers are looking for, but the product that best meets their needs at the moment. As a result, customer loyalty is relatively low for H&M and ZARA, as well as for the FMCG clothing brand industry as a whole. For this reason, each company defines a different design concept to make the company's products stand out from the competition.

3. Influences

In the Internet era, the emergence and application of the Internet, IT technology, big data, cloud computing, etc. have had a huge impact on the marketing model of enterprises. One of the fundamental changes that the Internet has brought about in the world is the elimination of the space-time gap. Statistics reveal that in the first half of 2017, China's e-commerce total increased by 27.1% year over year to reach 13.35 trillion yuan, demonstrating the country's strong e-commerce growth. For enterprises, e-commerce as a development opportunity, should seize the opportunity to actively introduce new marketing tools, make full use of the network platform, break the limitations of time and space, fully explore the potential of consumers, to provide effective strategies for enterprise marketing. First, the Internet has dismantled conventional national and regional barriers, connecting everything and transforming the world into a global "village." On the Internet, people are free to communicate and roam, regardless of race, ethnicity, country, occupation, or social status, and in this way, communicate information, and people's attachment to physical space is greatly reduced. Second, network information overcomes time constraints, allowing people's information transmission and economic transactions to be completed in less time. The network economy can run 24 hours a day, and the constraints of the network-based economic activities on the space factor are reduced to a minimum, so that the whole process of economic globalisation is greatly accelerated, and the interdependence of countries around the world is strengthened as never before. The network economy is also a speed-based economy. The network economy gathers, processes, and applies information at a speed that is very close to real time, and the pace is substantially quickened. Modern information networks may send information at the speed of light. Network economy is already helping companies provide better, more personalized customer experiences. Customized delivery capability opens up all kinds of bundling and promotional opportunities [3].

Society has entered an era of knowledge-based economy, where new technologies are constantly being updated and new products are changing rapidly, improving production efficiency, shortening the production cycle and driving the pace of economic development in the market. At present, people can find that the development, promotion, use and decline of new products are significantly shorter, which brings more pressure on the R&D team and challenges the marketing team to think about how to promote new products and gain profits in a short time, which has a great impact on the marketing of enterprises. H&M uses spring/summer and autumn/winter as the two distinct seasons that it uses to segment the fashion year. Based on information provided by sales shops situated across the world, such as the most popular products, climatic variations, and shopping preferences, sourcing activities are linked with the market orientation and are continuously changed to enhance the accuracy of fashion trends. The quality of the product has a major role in determining the lead time, which can range from two to three weeks to six months. The ideal lead time strikes a compromise between cost, lead time, and quality; a very short lead time is not always the optimum. While customers think that H&M is fast enough to bring in new products, ZARA has started to bring in new products every two weeks. Every year, ZARA stores throughout the world carry about 11,000 different styles. The success of ZARA is largely down to its supplier network. The business is always gathering fashion accessories and keeping up with the latest fashions. In just two weeks, a new release can move from conception to market. From the perspective of the supply chain, the success of fast fashion companies is largely attributable to the product supply chain's quick response. Clothing businesses are no longer competing on the basis of the product itself or the duration of the production cycle; rather, they are competing on the basis of how supply chain management dictates the production structure of businesses, which is becoming a more and more crucial factor in the growth of businesses. For ZARA, design is not only about the design team, but also about the buying team, and the introduction of the buying system has helped to reduce the time spent on design and development. Of course, ZARA doesn't just copy,

it selects the "best" of what is popular and makes appropriate changes to the style. However, the downside of this is that ZARA pays fines of tens of millions of euros per year for infringement.

In the Internet age, competition in the market is becoming increasingly fierce, and new products are being developed and launched more and more quickly in order to improve the competitiveness of enterprises themselves. As a result, traditional marketing strategies are no longer sufficient for social development. In this regard, based on the network economy, we actively understand market demand, effectively meet the needs of different consumers, improve enterprise competitiveness, and promote enterprise marketing reform and development. Due to the development of networks, the economic organisation tends to be thin and flat. And the producers and consumers can be directly connected. The need for the traditional intermediary level to exist is reduced. This significantly reduces transaction costs and increases economic efficiency. ZARA uses consumer-oriented design, in which the customer's needs and viewpoint are taken into consideration while making decisions about design. Each ZARA shop manager has a business phone that they can use to contact corporate. The expert IT team at ZARA will conduct an analysis of the type of design that consumers in each country prefer based on the data provided by the shop manager. Additionally, offer the proper attire based on the preferences of the local clientele.

4. Applications of Network Economy in FMCG

The sudden rise of the Internet economy has made Internet technology and related Internet industries a powerful engine for the development of the contemporary world economy, and has widely covered all aspects of learning, working and living in contemporary society. According to relevant information, by March 2000, the number of people on the Internet worldwide had exceeded 300 million, and the number of web pages on the World Wide Web had exceeded one billion [4]. Such a rapid development of the Internet economy and its deepening socio-economic impact have attracted great attention from countries around the world. It has become an important theme for countries around the world to accurately grasp and adapt to the development trends and prospects of the Internet economy.

FMCG marketing has been the middle of a few of the most notorious showcasing jingles, taglines, and advertisements [5]. Usually, FMCG products are marketed through the medium of sales representatives, radio promotions, daily newspapers or banners. These mediums are mass-marketed messages. With the development of the network economy, the FMCG companies are now changing their marketing procedures and strategies. With the change in communication media, the industry is also undergoing a transformation. With the advent of e-commerce in the era of the network economy, businesses and customers have a closer interaction, saving the old marketing strategies' many intermediary links while simultaneously bringing greater benefits to consumers and safeguarding the financial gains of businesses. The extensive usage of information technology in the network era presents a chance for the growth of businesses. However, as market competition heats up, businesses must fully utilise the network and e-commerce platform to support the growth of enterprise marketing to the network if they want to stand out.

The integration of TV media and online media has achieved complementary advantages, resource sharing and profit maximisation for various industries, especially the FMCG industry [6]. With the accelerated integration of network technology, FMCG industry network marketing has been fully rolled out, the product all-round coverage of consumer groups, is the biggest advantage of integrated marketing. The advantage of all-round marketing is to better the advantages of enterprise products and consumers to buy the product to obtain a sense of satisfaction, more opportunities to interpret the product information, the dissemination of good corporate image. The integrated marketing of the media gives the company more opportunities for product placement, such as films, TV series, Internet video pre-production, mobile games, electronic publications, blogs, micro-blogs, etc. These carriers

are integrated, three-dimensional publicity, so that FMCG companies can easily find their own consumer groups from countless Internet users. The subdivision of consumer groups, the rapid recovery of user feedback, and the precise grasp of product operation cycle, bring more business opportunities for enterprises.

The increase in the number of counterfeit products on the internet market has increased the chances of consumers being duped, and as a result, consumers are paying more and more attention to the reputation of companies. It is only when a company's brand is recognised by the public that it can achieve higher economic benefits, and it can be said that reputation has become the key to the development of enterprises. In this regard, in the era of the network economy, enterprises should ensure the quality of their products and actively use advanced technology and new materials to create high-quality products so as to gain public recognition, create a brand name effect, and promote the sustainable development of enterprises. The parent company of ZARA, Inditex, is dedicated to fostering an ecofriendly corporate culture since it has a positive effect on the company's long-term financial performance and reflects its basic values. CSR (corporate social responsibility), sustainability, environmental management, and waste water management are a few examples of areas with a heavy emphasis.

FMCG marketing is never short of challenges, in front of which each industry will develop the most suitable business development strategy according to its own development status. Multi-brand marketing, in comparison to the strong enterprise, is undoubtedly another attempt by enterprises after the saturation of a single product area. Zara's brands are Massimo Dutti, Oysho, Bershka, Stradivarius and ZARA Home. Massimo Dutti was founded in November 1985 and started as a menswear brand. After the success of the men's collection, the women's collection was launched in 1995, followed by the children's and fragrance collections. Based on a casual and sporty design philosophy while capturing the latest fashion elements, Oysho revolutionised the concept of Zara for the world of women's underwear and tights. Oysho is a youthful and dynamic brand that brings seasonal trends to all its lines. Stradivarius was acquired by the Inditex Group in 1999 and is aimed at the youth market with a young, edgy, street style. ZARA is a brand that brings the most avant-garde fashion in terms of design, fabrics and accessories to the young female segment, with unique materials and special decorative pieces, creating a sophisticated and elegant shopping environment in its boutiques, with an urban chic vibe everywhere. The company's goal is to provide customers with home furnishings that are aesthetically pleasing, functional, well-designed, and reasonably priced. To add flair and warmth to the home, the products are utilised in various settings and for various purposes. The goods' high quality and exotic design change urban living's mentality.

5. Conclusion

Information technology continues to develop and the online market is gradually becoming an important component of all markets. The borderless online world poses a great challenge to companies. For FMCG apparel brands, marketing strategies must break through the barriers of the landscape in order to create a distinctive brand. Enterprises should fully utilise the network and e-commerce platform to establish brand advantages, strengthen the marketing advantages of enterprises, and support the continued development of the economic market in order to adapt to social changes and ensure that businesses can still run healthily in the network economy. While the network economy has brought convenience to FMCG clothing brands, there are also limitations. The rapid changes in society also lead to changes in consumers. Companies need to consider a more comprehensive range of products to meet the changing needs of their customers. In general, the rapid development of network technology and the deep expansion of the network economy will undoubtedly have a significant impact on the future development of the global economy and society. But for some companies and even countries, the challenges of the online economy and its global expansion may outweigh the opportunities.

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