E-tailing Strategies within the Intimate Apparel market

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ABSTRACT

This paper explores e-tailing approaches adopted by three different companies with each approach being successful in its own way. However, different brand styles, web designs and operation management utilised. The paper explores the strategies adopted by three companies operating in the intimate apparel market. Each company is analysed from three different perspectives. Also presented are summaries of discussions with key individuals in these companies. The lingerie market is particularly interesting as it is driven by both fashion and function. Lingerie is seen as a little 'treat' by most women. It is a market in which men also feature prominently, as buyers of presents for their partners. This study, although small, indicates that long- term design vision and e-business strategy must be equally balanced, for ensuring success in e-tailing.

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Introduction

This paper analyses three successful case-studies of e-tailing. E-business has now evolved from the dot.com boom and bust era of the 1990's to a twenty first century new wave multi-channel e-tailing industry. However as up to 53% of all new small retail businesses fail in their first four years of trading whether they are environment-based or online e-tailers, it is important to evaluate those that have a successful track record. Fashion retailers have had a presence on the web since 1995 (May, 2000), despite the fact that at that time, women only made up 33% of the internet population. By 1999 this figure had increased to 46% but even then very few retailers imagined that anything as personal and intimate as lingerie would, or could be purchased on-line. (Weill & Vitale, 2001). This paper will explore three different approaches to e-tailing lingerie, with each approach successful in its own right, adopting differing brand styling, web design and operations management.

Literature Review

The success of e-commerce sites is often based on traditional marketing strategies, which include a good knowledge of the consumer requirements, their buying behaviour and the utilisation of effective communication with the targeted customers. In e-commerce, segmentation is even more important than in the physical environment, because there is no sales assistant to direct the customer to the right area if the electronic signage fails. (Weill & Vitale 2001). Therefore, functionality, aesthetics, the consumer experience and business logistics are important areas for ensuring success within the virtual e-tail environment. In many ways e-commerce strategies and brand aesthetics go hand-in-hand. There are now several texts that cover case studies of the physical and virtual branding from this perspective but the first in this field was Marketing Aesthetics. (Schmitt and Simonson 1997). Schmitt followed this with an exploration of branding through engaging consumer senses which became part of the new strategic concept of experiential marketing (Schmitt, 1999; Pine & Gilmore, 1999; Gobe, 2001). From the design viewpoint this area is covered by Julier (2000), who discusses interactivity as the desire by the client to generate a positive 'brand experience' in a website. He also explores the possibility of creating a 'sixth sense' produced by a really successful online brand experience that engages the mind.
 More pragmatic e-commerce strategies and models approaches are areas that have been covered extensively by various writers (May, 2000; Weill & Vitale, 2001; Rayport, 2002; Chaffey, 2003; Laudon and Laudon, 2005) however, it is important to note that these are all generic examples and do not specialise in retail case studies which need more consumer experiential considerations especially for purchasing intimate apparel. a Hart and Dewsnap (2001), however looked at experiential issues in e-tailing in more

detail. Weill and Vitale (2001) also set out clear core competences required for successful e-commerce operations, three of which are particularly relevant to this study.

1) Provide Fast and efficient transaction processing, fulfilment, and payment.
2) Provide interfaces that combine ease of use with richness of experience, integrating multiple channels.
3) Increase repeat purchases and average transaction size by understanding individual customer needs through good data knowledge of customer profiles.

According to Solomon (1999), customer needs can be differentiated along two dimensions:

1) utilitarian (a desire to achieve some functional or practical benefit); and

2) hedonic (an experiential need, involving emotional responses or fantasies).

This identification of brand personality, 'aesthetics', 'status' and the notion of 'excellence' has to be clearly communicated through images, text and music in all retail environments Barthes (1977). Semiotic studies have evolved from a wide range of humanities disciplines and are especially applicable to advertising, marketing and consumer research (Williamson 1978, Goldman 1992, Dyer 1982, Rose 2001, and Hackley 2003). 'Marketing can be seen as a system of signs that communicate values through brands, packaging, prices advertisements and a plethora of other signs.' Brown & Turley (1997) use semiotic methodologies in consumer and marketing research, but sound a note of caution for viable scientific rigour in today's so called non-hierarchal, subjective post-modern society. It is also acknowledged by McQuarrie and Mick (1996) that signs in the consumer environment are understood by the senses, so the semiotic signifiers such as sounds, colours, style, ambient music and kinetic movements should be considered as atmospherics in both the store and website environmental experience. A recent study by Botschen & Crowther (2005) entitled 'The semiology of aesthetic atmospherics to study environmental design effects in retail outlets' and the section on 'Aesthetics in Atmospherics' is particularly relevant:
'Formal qualities refer to the perceivable features of the structural composition of the buying environment. Expressive qualities may represent the emotions of the creator and/or evoke emotion in the appreciator....Symbols are things that stand for or represent something else. Symbolic qualities culminate in meaning or content, communicating an idea about the world'

The study of e-tail environments, therefore, has many complexities that have to be addressed as shown by the discussion above. In the study many of the points raised above will be addressed.

Methodology
The overall aim of this paper was to carry out a qualitative study of three lingerie companies to assess the following research question:

'Can creative design and efficient web management be considered as an effective e-tailing strategy which can successfully leverage the brand?'

The qualitative research was carried out by the authors, Masters students and IT specialists, offering three different perspectives.

The sample was chosen on the grounds of representativeness and the quality of insights generated. (Hackley 2003). Utilising these two main criteria, the chosen samples of study were three established web retailers operating in the lingerie market. In the case of Agent Provocateur and Victoria Secrets both brands were already successfully established stores before the web launch, but Figleaves.com established the brand entirely on the Web, as a retail outlet offering a range of different brands. It is therefore interesting to compare e-commerce strategies for both the multi-channel and single channel retail operations.

Results obtained
Figleaves.com

The site is continually updated and can be very responsive to trends and special promotional offers, thanks to the in-house design and management team. For example, business development is proactive in linking with third parties, such as manufacturer Procter & Gamble and retailer Boots, for incentives and promotions. The director explained that the main time and resources are taken up by staff checking search engine word links and hyperlinks, to ensure increasing numbers of hits and the subsequent acquisition of customers. The other tool for growing the customer base is the in-house PR department, which created over £4m worth of editorial last year. This is clearly reaching the company targets, as they had their millionth order in December 2004. In 2005 the company became the 'online retailer of the year', and their website is the second most visited retail website in the world. The first is, not surprisingly, the US chain of lingerie stores, Victoria's Secret.

Most of what the communications manager says about the company is reinforced by independent industry interviews, MA students, the authors and experts analysis of the website. This can be summed up in the following grid:

Comparative views of the Figleaves.com website (www.figleaves.com).

	Blumedia.co.uk	Fujitsu Services	MA Strategic Fashion Marketing Students	Researcher
Aesthetics/colours and photographs	Blue is the main colour, the psychology of the colour is important usually means safe. Not too many colours used but they do not want to be distracted from the product, so most of the secondary colours are neutral - a good strategy. Nothing new in the layout just e-commerce communication. Normal photographs professional for the web catalogue style. Graphics could be better nothing new or	Colour use clean & realistic, every day. Photographs classic catalogue good pixel density. Zooms very good no loss of detail.	Good clear display – not exciting but good quality. Simple straight forward not high fashion. Mostly blue used does not look expensive just safe. Photographs simple and straight	Good quality catalogue style shots, non inspirational, or lifestyle but clearly displayed, colours and other design considerations competent and professional but nothing giving a wow factor

	creative.		forward	
Functionality	User friendly everything on the left hand side which is usual.	Less than 1-sec no problems. Ability to navigate good structure but nothing exciting. Payment, delivery and return policy was very good. Very clear effective. Information tree design a bit tramline and directive no problems getting out of various levels back to home.	User friendly simple to track through.	Very easy to follow through to purchase and to back track if necessary. Returns policy and delivery clearly stated.
Product Range	A lot of ranges I do not know if it is always a good thing like when you go in the shop you get confused. You could prefer a shop with less brands there is a positive and negative side to this. Good colours and sizes. List comes up of previous browsing products are a reminder like Amazon. Nothing new for the customer to learn.	Classic browsing catalogue. Good range of sizes. Choice of style basic but safe, larger sizes available but pedestrian in information style. Slightly pricey.	Good variety to choose from especially larger sizes	Very comprehensive but you needed to know what brand you like and then look up a colour way and size otherwise too much to wade through
Entertainment/Added value	General commerce nothing in entertainment values	Little extra value. Old fashioned marketing little dream quality.	Mostly just selling the products little to offer in terms of entertainment but there are some special offers. There is not the appeal you expect from a lingerie site	Some promotions and competitions if you looked for them but not much of an overall experiential feeling

Victoria's Secret
Victoria's Secret (www.victoriassecret.com) became a leader in online innovation
(Durbin and Biro, 2002) with a large-scale real-time fashion video presentation. This

company also invested heavily in 'back-end infrastructure and technology.' In 2003 the new media group had forty people with an annual budget of $10m. Some activities are partnered but 'content management' was built, coded and housed internally. Both the catalogue and website was distributed from a centralised warehouse in Columbus, Ohio to try and leverage an existing infrastructure, this was also applied to their call centre. The same template design was operated in the catalogue and online to keep continuity for both staff and customers, even down to product numbers.

'Victoria's Secret segmented its audience demographically, and delivers specific messages while refining strategy throughout the campaign. The retailer timed its catalogue distribution with its emails.'

So a customer purchasing swimwear in a shop would receive swimwear email information and a catalogue. All the stores advertise online presence and offer catalogues. However there is some evidence from this report that customer cannibalization has taken place, with around 30% of the customers migrating to the Web. The web has also proved to be an important vehicle for new customer acquisition although web sales accounted for only 30% of the direct business.

	Blumedia.co.uk	Fujitsu Services	MA Strategic Fashion Marketing Students	Researcher
Aesthetics/colours and photographs	More American in style than European. A magazine format. Better art directed photographs with good models. Good graphic template applied so the brand is well defined and professionally set out.	Good balance of colours and formalism sustained colour branding. Layout promises film poster scenario but just a good catalogue. Photographs good quality visuals and zooms.	The use of colour pink is feminine. The layout is enticing and easy to browse	More aspirational and lifestyle conscious. Good quality photographs with top models. Colours more female orientated. More likely to browse. Not exciting but high quality design feel.
Functionality	User friendly same sort of structure as normal e-commerce website.	Less than 1-sec no problems. Ability to navigate good. Well structured standard catalogue but references in texts which are helpful. Good selection of summary views. Fits right	Easy to navigate. Good range of Credit cards accepted. Delivery and exchange policy clearly stated and appropriate.	Very easy to follow through to purchase Returns policy and delivery clearly stated.

		between Figleaves and the lifestyle of AP		
Product Range •	Good choice not too much 12 pictures per page so this is good	Good to excellent sophisticated catalogue choice. Although some of the offers ended up being just another list with little link to what you had been viewing.	A good range of goods available both in choice of colours and styles. Sizing offers also good. Perceived as good value for money	Very good some standard favourites as well as new and exciting trend ranges offered. Good sizing and colour-ways on offer. Pricing seemed fair for a mass market brand.
Entertainment/Added value	Just high quality catalogue not entertainment. No entertainment in terms of films, graphics or animation	Film piece was good animated presentation a bit pedestrian. No real story to support the images. Ideas good but execution could have been better	'Angel' credit card which gives preferred status and complimentary catalogues. Not considered on the whole an entertainment website but more experiential in design style	Magazine in feel but not tempted to really spend a lot of time reading articles and text. Films interesting but not really enough to believe the narrative

The site has the same ease of use as figleaves, but has a better layout and design. There is some attempt to be innovative in terms of the web design. The 'wow' factor does not appear to be there but the site, nevertheless, offers an enjoyable shopping experience.

Agent Provocateur (AP)

The strong company design and branding was developed by a specialist web design company. AP (www.agentprovocateur.com) wanted someone highly creative that fully understood the brand. Prior to the Web launch, AP was already a trusted brand because of its stores and catalogues, with customers having a high regard for the clothing. The key brand personality, which underlines the company's ethos is defined by the following:

• Tongue in cheek
• Britishness
• Fashion
• Questioning attitudes
• Original
• Empowering
• Sexy

AP has a very strong vision about the brand, with much developmental work carried out by a design studio. For each season, different products and web designs are chosen. Web pages are regularly changed to retain a degree of freshness.

The website is perceived as an additional channel to the existing business, giving more choice to the customer. Profile tracking, database management and segmentation activities are carried out by a third party. The site gender profiles are 50% male, 50% female, and typically a female is in her late 20s to early 30s, while the male is mid-thirties to slightly older. So far, no live fashion shows have been used on the website, but the current Valentine's video is available online. The company sends anonymous Valentine cards to customers, and utilises email marketing campaigns and an online monthly magazine, which customers are encouraged to visit. AP encourages creativity in business.

	Blumedia.co.uk	Fujitsu Services	MA Strategic Fashion Marketing Students	Researcher
Aesthetics/colours and photographs	Creative website, sexy stuff, colour picks out the brand guidelines and identity. Good strategy to reinforce the brand. Layout no boxes like other websites making this very dynamic, high quality images they make a stage not just show a product. They give you a concept of what you could do with the product. Double graphic very, very nice very fashionable now but they did it first. Have a balance of good graphics not heavy, fast and easy to navigate, a good balance not too technical.	Appropriate exciting promotional and relevant of interest to direct and indirect purchasers. Layout is excellent very good self navigation. Liked the engagement of the user in dreamlike state. 'Please pardon our appearances while we redress' which appears while loading the images. Photographs and website designers thinking out of the box.	Very feminine pink but still highly sexy in style and layout. Photographs and other animation fantastic very much about the brand image and personality	Just full fantasy experience the combination of titillation and sophistication with a little bit of soft porn thrown in. A totally submerging brand experience that is sustainable because of the regular changes
Functionality	No problems with the links and navigation. Good	Less than 1-sec no problems. Zoom is fantastic high quality jpegs. Easy to navigate no doubt where you have been - living the dream. Excellent website. Clear and	Easy to navigate but the ability to browse makes it stands out. Payment easy most credit cards accepted	Very easy to follow through but you felt empowered as the consumer not driven by the site Good clear policy of delivery etc

		specific exchange policy and the backup like payments also excellent		
Product Range	A lot of products but not too many same styles but different colour and sizes	Draws you in very good. Niche market pricing as in line with the expectations of the purchasers. Good selection from a niche market	A good range of products available both in choice of colours and styles. Sizing offers also good. Perceived as good value for money	Exciting, sassy, provocative by name and nature of product range. Priced by brand expectations as value added.
Entertainment/Added value	Animation available very good entertainment if you want to do, follow the links for more experience. Really like it very cool – good thinking on the website.	Added value parties and vouchers right for the market catchments. Entertainment yes it is in all senses from both technical and content point of view. Wow no reservations selling as it is and as it should be. Viewer navigates what they want to see matching expectations and good cross links	Considered a fantastic experience, very clear entertainment value. A phenomenal customer experience brilliantly designed. They give vouchers	Wow , wow, wow in every way this really sets the quality and innovative standard goal posts high.

In terms of this study it is clear that Agent Provocateur performs as one of the best websites, delivering positive experiences in all categories. However the company has maintained its niche market status and chosen to expand into new markets with its existing products rather than extend the range to include the mass market customer segment.

The conclusion will draw on the commonalities between design management and business strategy that has enabled these three very different online intimate apparel companies to be so successful and to compare these with those covered in the literature review.

Addressing the findings

As discussed Will & Vitale list seven critical success factors for e-commerce businesses, three of which were particularly relevant to this study.

1) *'Provide fast and efficient transaction processing, fulfilment, and payment.'*
All three intimate apparel companies succeeded in achieving this.

2) *'Increase repeat purchases and average transaction size which is provided by understanding individual customer needs through good data knowledge of customer profiles.' (This is a combination of two of the preset criteria in this text.)*

Victoria's Secret had data profiles from two channels, physical stores and catalogue, but found the online direct service most useful in converting new customers. They have also merged the other two channels databases to improve their customer profiles. Figleaves.com had to start from scratch as an online company, but as stated in the interviews, spent a lot of its resources on ensuring that the IT infrastructure and other customer services were in place. Agent Provocateur had database profiles from the existing stores and catalogue. This has helped it to develop customer profiles that are refined by a better understanding of online behaviour through online tracking activities. All three companies use their data profiles intelligently by specifically trageted email advertising, catalogues and other promotions which are relevant to the individual customer rather than a homogeneous marketing approach.

3) *'Provide interfaces that combine ease of use with richness of experience, integrating multiple channels'*

Agent Provocateur is award winning in this category. Victoria's Secret manage to integrate multiple channels and ease of use. They are developing a lifestyle concept approach, along with a live fashion show. Figleaves.com have also addressed this area and realise they need to offer more added value through better design management and lifestyle concepts.

In terms of business strategies having the 'backend' of the company infrastructure set up either prior to the virtual shop window launch or simultaneously is vital, as all the promises have to be fulfilled otherwise, however experiential the website design, the consumer is not likely to become a repeat purchaser. This includes the warehouse resources and logistics (or mothership as Figleaves named it!) The sale and return business strategy Figleaves have negotiated for new or small retail brands was very pragmatic and successful for both parties.

Sustainability of customer relationships via holistic marketing and promotional strategies has also to be connected to the complete brand experience where there is a multiple channel operation.

The above study has been condensed into the following working model recommendations for successful apparel e-commerce.

Criteria for Best Practice E-tail Apparel Businesses

Provide fast and efficient transaction processing, fulfilment, and payment.
Increase repeat purchases and average transaction size by understanding individual customer needs through good data knowledge of customer profiles.
Provide interfaces that combine ease of use with richness of

| experience, integrating multiple channels' |
| Invest equally in the 'backend' IT resources, logistics, customer services and infrastructure as well as the marketing and promotions |
| Adopt holistic marketing and promotional strategies in a multi channel retail operation |

(Adapted from Weill & Vitale 2001)

Finally, readdressing the research question:
'Can creative design and efficient web management be considered as an effective e-tailing strategy which can successfully leverage the brand?'
The response from this study, although small, is definitively affirmative but the long term design vision and e-business strategy must be equally balanced, in conjunction with the critical success factors discussed and set out above as a model for 'best practice.' Extensive research is recommended in order to further test this model on a larger e-commerce retail sample both in lingerie and other fashion markets.

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