

Research on the diversification strategy of Clothing brands in the Chinese market-basis on the proper sub-brand marketing benefits the main-brand

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Abstract. This paper starts with the current development of the clothing industry in China and uses a research method of literature analysis and case comparison. The problems of uneven categories, vacant style diversity, and vague brand positioning in the Chinese clothing market are identified. Based on the case study summarises the three characteristics that sub-brands should have multi-category development, diversified styles, and exclusive positioning. It is also concluded that proper sub-brand establishment will benefit the main brand.

Keywords: Chinese market, Clothing brands, Diversification strategy, Sub-brand, Main-brand.

1. Introduction

1.1 Research background

Nowadays, fewer and fewer companies are implementing single and independent brands in the Chinese clothing market [1]. To meet consumer demand for clothing in multiple situations, many companies have started establishing sub-brands. This means that sub-brands are joining the market in an already competitive main brand market to gain a position in the clothing market for the main brand. As a result, many clothing brands in China attempt to diversify their brands by creating sub-brands. While the main brand and sub-brand strategies are rapidly gaining consumer recognition and successfully extending the brand, proper sub-brand marketing is key for the sub-brand to benefit the main brand.

1.2 Literature review

Yang concludes that sub-brands can effectively differentiate different types of products from the leading brand and lay the foundation for brand extension. At the same time, it prevents consumers' perception of the main brand from being altered [2]. Zhang analyzed that the sub-brands need to carry out the core values of the brand and extend the specific personality and philosophy of the main brand. It is an extension of the primary brand, and the themes of advertising audience memory, brand perception, and consumer loyalty are derived from the primary brand [3]. Ries and Ries cautioned that creating a secondary brand is most of the time an attempt to cater to the market and does not necessarily fit the need for brand diversification. A sub-brand that runs counter to the positioning of the main brand can ruin the whole brand[4]. Duan and Yu argued that creating a sub-brand is a risky investment. Introducing information processing and emotion displacement theories, the spillover effects of victimization and negligent and deliberate sub-brand injury crises on the main brand are explored. The higher the intensity of negative consumer emotions triggered by a sub-brand harm crisis, the more likely consumers will give the main brand a bad review [1]. Wang used the example of brands, such as Dolce&Gabbana, to illustrate the harm that sub-brands can cause to the main brand. For example, the value of the main brand can be diluted; consumer differentiation is low; maintenance costs are too high due to the maintenance of sub-brands, and marketing costs are too high [5].

1.3 Research gap

Based on the existing research base, it can be seen that most of the research on sub-branding has focused on the development strategy of the sub-brand. The sub-brand has been based on the direction

of the main brand, with products that are not in line with the positioning of the main brand, avoiding the risks and costs of the main brand. And many scholars have mentioned that the naming of the sub-brand is important. Scholars generally agree that the naming of a sub-brand needs to be contemporary while at the same time being visible to consumers as a link to the main brand. The name of the sub-brand needs to reflect the characteristics of the product sold under the sub-brand that are different from those of the main brand. In addition to the naming of the sub-brand, the relationship between the main brand and the sub-brand has also been a key concern for academics. It is indisputable that the vision and objectives of the sub-brand and the main brand are identical.

But scholars have rarely addressed the marketing concept of the sub-brand. Marketing a sub-brand is one of the most effective ways for the main brand to extend its brand and implement a diversification strategy. Under the aura of the main brand, the establishment of a sub-brand is equivalent to standing on the shoulders of a giant. Proper sub-brand marketing will make the sub-brand a powerful weapon for the main brand with an innate advantage. This article will examine how to market a sub-brand based on the Chinese Clothing market.

1.4 Research framework

This article takes the Chinese clothing market as an example. First, the main clothing brand's future direction is clarified according to its style and market position. The sub-brand is then compared with the main brand to determine where the sub-brand makes up for the leading brand's shortcomings or contributes to the diversification. What is the main brand's greatest need now? How can the sub-brand solve the main brand's problems? The answers to these questions are the reason for the existence of the sub-brand. Finally, an appropriate marketing plan is developed for the sub-brand to enable it to fulfill the above mission. The marketing plan will be developed to continue the marketing philosophy of the main brand and does not exceed the marketing efforts of the main brand.

2. Methods

The main research methods in this paper are: literature analysis and case study methods.

2.1 Literature analysis method

The literature analysis method refers to the analytical method of studying the collected literature on a particular aspect to find out the nature and status of the research object and draw out one's views from it [6]. In this paper, by analyzing the existing marketing strategies on sub-brands, the approach is applied to the marketing of sub-brands of Chinese clothing brands based on the marketing methods of scholars. The focus of sub-brand marketing and the areas that should be noted are summarized.

2.2 Case study method

The case study method is where the researcher selects one or several scenarios as objects, systematically collect data and information, and conducts an in-depth study to explore the situation of a phenomenon in a real-life context [7]. Several Chinese clothing brands are selected in this paper, and their specific market contexts are analyzed. Information on the development of the brands will be obtained by reviewing the companies' annual reports and analyzing the specific issues.

3. Results

During the "14th Five-Year Plan" period, the quality of garment products continues to improve, the brand culture connotation and influence continue to improve—brand cultivation management system improved further. Create several well-known brands with high market recognition and a good reputation. Focus on cultivating 3-5 international brands with global fashion discourse. The brand cultivation system will be further improved to create several well-known brands with high market

recognition and good reputation, focusing on cultivating 3-5 international brands with global fashion discourse [8].

Under the guidance of Chinese government policies, the apparel industry needs to enhance brand influence. Influential brands need to have a clear positioning in the consumer psyche. This requires companies to build and develop their brands. By expanding their business by establishing diversified sub-brands, they will continue to deepen consumers' brand awareness and thus become a strong brand.

By 2020, the domestic epidemic was effectively controlled, and the international market gradually rebounded. Production in the apparel industry has steadily recovered. The rate of decline in production has continued to narrow compared with the early stage of the epidemic. According to data from the National Bureau of Statistics, from January to December 2020, enterprises above the scale of the apparel industry completed a cumulative output of 22.373 billion pieces of apparel. With the year-on-year decline of 7.65%, the rate of decline narrowed by 12.64% compared with the first quarter, as shown in Figure 1 [9].

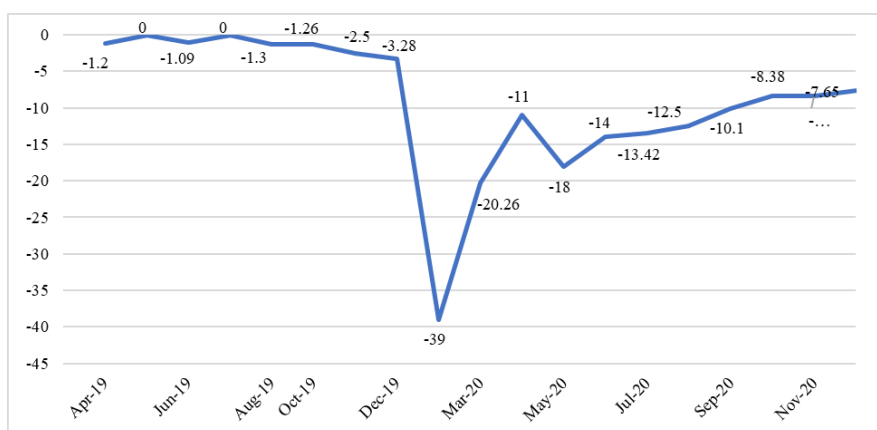


Figure 1. 2019-2020 Cumulative increase in apparel production of enterprises above scale
(Source: National Bureau of Statistics of China)

After March 2020, the epidemic in China enters a regular prevention and control phase. The sales margin of China's clothing industry is growing steadily. On the one hand, the Chinese clothing industry continues to pick up, and the general market conditions have become great. On the other hand, this also means that the competition in the industry becomes greater, as shown in Figure 2.



Figure 2. 2020 Changes in key efficiency indicators of enterprises above scale in China's clothing industry
(Source: National Bureau of Statistics of China)

In 2020, the CR3 of China's clothing industry was 3.26%, CR5 was 4.29%, and CR10 was 5.59%. In a comprehensive view, the market concentration of China's apparel industry is relatively low, and the competition is relatively fierce, as shown in Figure 3 [10].

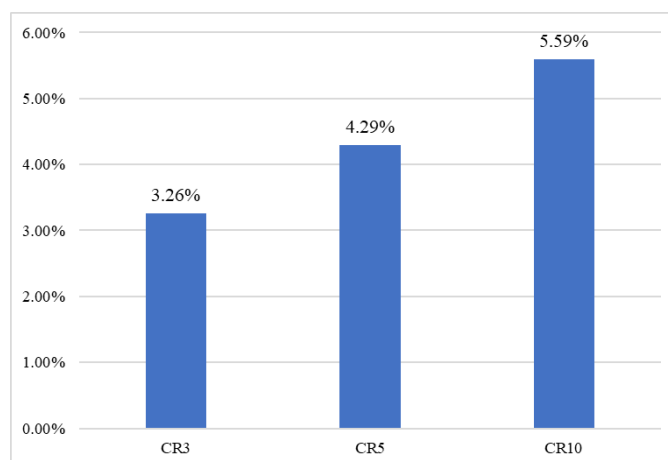


Figure 3. 2020 Market concentration in China's apparel industry (Unit: %)
(Source: Forward Industrial Research Institute)

But against the backdrop of fierce competition in China's clothing industry, some contradictions in the uneven development of the sector can still be found.

(1) Unevenness in the category

In recent years women's education levels have increased year on year. As a result, the chances of getting a good job have increased significantly, which directly drives up women's income and indirectly stimulates an increase in women's demand for aesthetics and the purchasing power of high-end brands. Data from the National Bureau of Statistics of China shows that sales in the women's clothing segment are approximately twice as high as men's clothing and are growing as the market expands. A saying circulating in the Chinese consumer market is that "the main consumer in China can be summarised as women > children > pets > men." This is a good illustration of the position of female consumers in the Chinese consumer market. But it is because of the overwhelming market demand for women's clothing that the barriers to entry for women's clothing are also the highest.

The trend for children's wear is similar to that of women's wear, with rising female income levels directly affecting the percentage of money mothers spend on their children. Children are only a relatively small part of society and do not form a scale. But expanding into children's clothing sub-brands is a good way to increase brand awareness.

Sportswear is clothing for special situations and is more adaptable than men's and women's clothing. So many start-up clothing brands are choosing to enter the sportswear category as an easier "track". According to incomplete statistics, in the past 2021, at least four domestic emerging sports brands have received financing, with several financing amounting to hundreds of millions of dollars [11]. Based on Nike, Adidas, and other brands for the "Xinjiang cotton" incident on the wrong statement, many domestic consumers have boycotted. Driven by patriotic sentiment and the rise of the "national trend", domestic sports brands have ushered in new opportunities and development, as shown in Figure 4 [12].

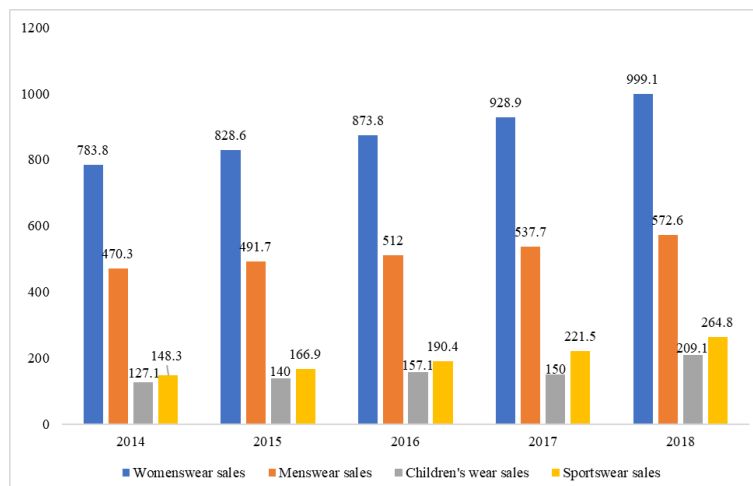


Figure 4. 2014-2020 China clothing market Sales by sub-segment
(Source: National Bureau of Statistics of China)

In summary, the Chinese clothing industry has a clear problem of category inequality, and this is one of the opportunities for the main brands to diversify into sub-brands.

(2) Variety of styles

Due to the different positioning of clothing brands, the types of consumers they attract are different. Each type of brand also has a different focus or concern in carrying out each season's product planning and design. The garments' innovation, uniqueness, popularity, culture, communication, and realization will all lead to different clothing styles. This will guide the development of the entire range for that season. The main brand needs to accumulate thematic concepts over many years to develop a more developed brand style. However, the designers' ideas that are not in line with the main brand style can be accumulated and then used as initial capital for developing the sub-brand. A sub-brand with a different style to the main brand gives wings to the diversification of the main brand [13].

(3) Vague brand positioning

Based on the huge market size of China's clothing industry, many companies will blindly extend in multiple directions when entering the market. The multi-directional extension here is different from diversification. Multi-directional extension usually refers to the wrong development before the brand, and it has determined a clear because. Since the company has not yet established a main brand memorable to consumers, blind multi-directional extensions can easily dissipate consumer perceptions and leave the brand with no long-term prospects for development. Even if growth is shown in performance, the brand is only diluted through marketing techniques such as expanding product lines and multiple pricing. Diluting the brand may be profitable in the short term but weakens the brand in the long term. Until the brand no longer stands for anything [13].

In such a context of the Chinese clothing industry, brands need to find their positioning. Diversification is the most critical factor for brands to survive. And how to ensure that the diversified brand positioning remains unchanged? Establishing sub-brands is an effective approach.

4. Discussion

4.1 Multi-category development

Take the example of HEILAN, the number one listed company in China's clothing and home textiles list in 2021[15]. Developing from LA with a single brand to Hellan clothing group with multiple brands, Hellan has completely covered the five major segments. Namely men's clothing, women's clothing, children's clothing, workers' clothing, household clothing, and household products, created differently-styled brands to meet the varied needs and personality expressions of users for

clothing and household life. Heilan Group gathers HLA, HLA JEANS, OW, Yeehoo, HEYLADS, SANCANAL, Heilan home, and other clothing and household life brands. In the future, it will continue to incubate new brands and create a new way of dressing and a new lifestyle [16].

HLA is the main brand of Heilan. It has left a strong impression in the minds of consumers through its extensive marketing on variety shows in the early days. OW is the women's brand of Heilan. Mainly targeting the needs of modern women, it perfectly fills the gap in the market for the main brand of women's clothing. The unevenness of the category is balanced internally. Avoiding not getting involved in the female-dominated clothing market affects the development of the business. Having perfected the main men's brand and the women's sub-brand, Hailan has taken on a certain scale. Helan further launched sub-brands in other categories to complete the multi-category development. It has successfully created a diversified and highly profitable Chinese clothing brand.

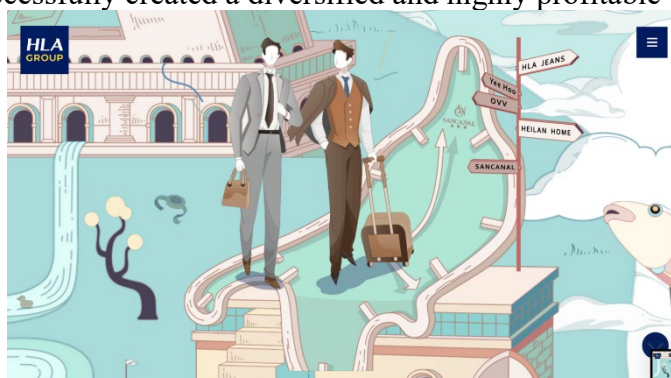


Figure 5. HLA Poster
(Source: HAILAN)

4.2 Multiple styles for different scenes

The denim style, for example, was born in the 1860s and is now a century old. But today it is still popular, even as a mainstream style of dressing. Some common denim sub-brands in international brands include Armani JEANS, Acne Jeans, and Blue Way Jeans. Armani, a luxury brand, has created the sub-brand Armani JEANS to cater to the dressing style of young people, allowing more consumers to not only hear about Armani but also to buy it. The shopping experience will leave a deeper impression of the brand on consumers. It will also break Armani's main brand's serious and formal characteristics and achieve a diversified brand style display.

In addition to this, sports brands are more likely to develop multiple styles. 2020 November 3 evening, sports brand TOREAD, with its new sub-brand - TOREAD.X, held a launch event in Beijing Mocha Art Center. TOREAD. X combined with fashion and trend, is no longer stuck in professional outdoor clothing style X is an urban sports sub-brand created by TOREAD. And It aims to break the boundaries between traditional outdoor and urban dressing, combining the functionality and technology of outdoor equipment with trendy design to create a new lifestyle style[17].



Figure 1. TORED Poster

(Source: TOREAD)

TOREAD's bold experiment has won wide acclaim in the market. It even opened a shop in the 'Galleries Lafayette department stores' in Beijing in 2021. The opening of a TOREAD.X shop in this department store, which owns almost all the world's fashion brands, means that the TOREAD.X sub-brand is a complete success. It also gives consumers a more diversified perception of TOREAD.

4.3 Exclusive brand positioning

When consumers talk about a brand, some keywords should come to their minds. This is a dedicated brand positioning. Take the car brand Chevrolet for example; what keywords come to mind when consumers talk about Chevrolet? There doesn't seem to be any strong, deep brand perception. Yet Chevrolet has 10 separate car models. But because there are no main brand roots, the brand Chevrolet leaves little impression on consumers.

However, when the main brand already has a strong perception in the minds of consumers, the establishment of a sub-brand will be the icing on the cake.

5. Conclusion

Based on the above analysis, it is clear that the Chinese clothing industry has a large enough market size. This gives brands enough room to develop a wide range of sub-brands. However, the fierce competition in the market is not to be ignored. What can brands do to get a piece of the action in this fierce competition? First and foremost, brands need to ensure that their main brand is firmly established. Once the main brand is firmly established, companies can gather ideas to develop sub-brands that are adapted to the market and consumers. The creation of a sub-brand needs to meet the main brand's needs and compensate for the shortcomings of the main brand. The main and secondary brands work together to build a strong, profitable and diverse brand.

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