

Research on the Online Marketing Strategy of ASOS's Young Customer Market

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Abstract. In recent years, the rapid development of e-commerce has triggered new shopping demands. With the growth of e-commerce, online shopping has become the main way people choose. ASOS, a world-renowned online shopping brand, has achieved great success in this Internet era and e-commerce. In addition to its advantages of global distribution, wide variety, and low prices, it also uses magazines and various social media to promote the brand and make more people, especially the younger generation, familiar with it. However, as the industry leader, ASOS still has some problems. For example, there is no clothing area for children and the elderly, the target market range is not wide enough, etc. This report will study the background of the big time, the basic situation of ASOS and its marketing methods, and then propose corresponding solutions to the problems. Based on the analysis of the reasons why this brand is successful, then this paper can have a better understanding of studying millennials, online shopping, and e-commerce.

Keywords: ASOS; Internet and e-commerce; Online shopping; Marketing strategy.

1. Introduction

1.1 Research background

The development of e-commerce has become a booster of the new wave of society and a huge step for developing the Internet. In recent years, the rapid development of e-commerce has triggered new shopping demands. With the growth of e-commerce, online shopping has become the main way people choose. According to statistics, the number of online shoppers continues to grow yearly, with 2.14 billion digital buyers as of 2021 (See Figure 1). This represents 27.6% of the world's 7.74 billion people. By comparison, there were 900 million more digital buyers in 2021 than in 2020, an increase of 4.4% year-over-year. Also, according to We Are Social 2022, 5 billion people now use the Internet, a global total that has grown by nearly 200 million in the past year. This growth has driven the growth of social media users, which today number 4.65 billion worldwide, equivalent to 58.7% of the world's population. The company's latest audience data shows that marketers can reach an additional 2.8 million teens on Facebook compared to January 2022, a quarterly increase of 1.3 percent [1]. This staggering growth reflects how important it is for brands to be familiar with the Internet and online sales. At the same time, through data research, more and more people are learning about a brand or product through social media and even making transactions on it. The influence of social media on people's information intake and shopping decisions is becoming increasingly important (See Figure 2).

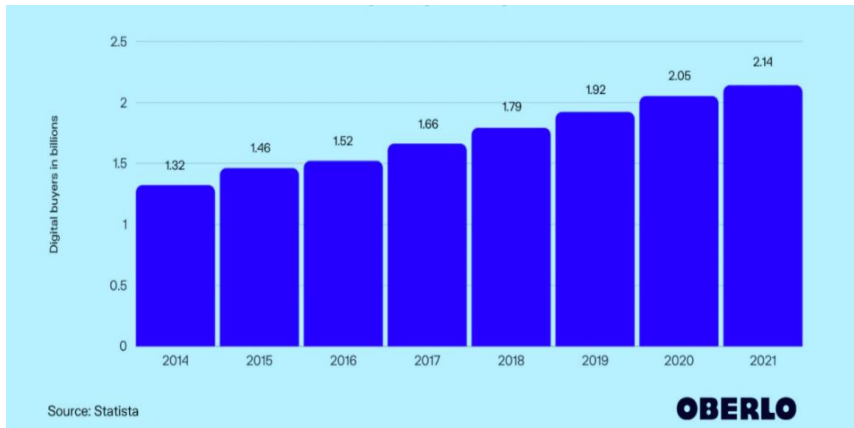


Fig. 1 How Many People Shop Online from 2014 to 2021

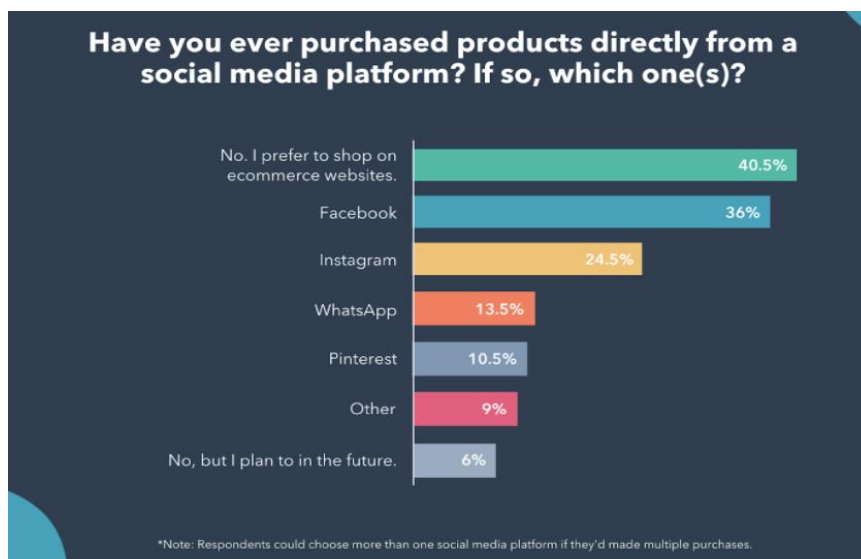


Fig. 2 “Have you ever purchased a product directly from a social media platform? If so, which one(s)?”

ASOS is a British online fashion and cosmetics retailer for young adults. As a brand, the company does not have physical stores but sells over 850 brands and its clothing and accessories. Fulfillment centers are located in the United Kingdom, and the company ships to 196 countries. Online shopping is increasingly popular, and ASOS will be one of the largest online clothing stores and fashion retailers in 2022. In the 2021 Brandz ranking, ASOS ranked tenth in apparel, alongside well-known brands such as Nike and Adidas (See Figure 3).

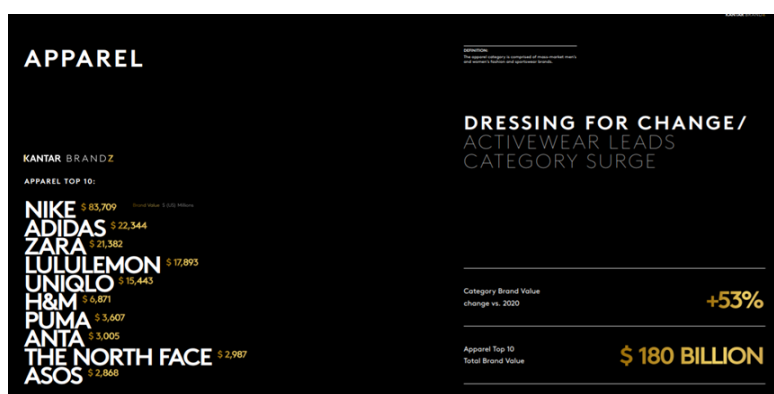


Fig. 3 Most Valuable Global Brands 2021

Although ASOS is an online shopping platform, it is not inferior to offline stores. Donni and Bethani want to know whether e-marketing and social media marketing influence people's shopping decisions [2]. According to their experiments, these two ways positively impact consumers' decisions on online shopping, with a combined contribution rate of 81.08%. So ASOS has an advantage because it has many social platform accounts, such as Instagram, Facebook, Twitter, etc., which can let more people know about this brand and increase sales volume. Nowadays, the younger generation has become the main force of online shopping. Millennials in the technological age have the highest familiarity with the Internet, while social media is inseparable from their lives. Maria et al. studied Australian and U.S. millennials and found that they have positive attitudes towards online shopping, which promotes their willingness to buy [3]. In addition, lower prices and social media campaigns are more likely to drive millennials to shop. The Internet offers e-commerce companies the opportunity to sell globally. While attracting more customers, how to retain them is an issue that needs to be considered, so loyalty programs are equally important. ASOS used to run a loyalty program called 'A-list', and Yuqing Zhang used a questionnaire to survey consumers, mainly in the U.K. [4]. Some customers say they are satisfied with ASOS' service and will recommend it to their friends, which is good for fostering brand loyalty. However, most people are unaware of the 'A-list' program, indicating low customer participation in loyalty programs. A brand can only retain customers and increase sales if it has a good loyalty program. At the same time, customers now care more about quality than price, and how to improve product quality to maintain overall satisfaction is also a loyalty program that needs to focus on.

1.2 Research framework

In a fashion industry where many brands are plagued by store closures, bankruptcies, and extreme discounts, ASOS is worth exploring as a lesser-known brand that has managed to achieve great success. When we understand why this brand is successful, then we can have a better understanding of studying millennials, online shopping, and e-commerce. Furthermore, more and more brands are now focusing on online sales so that ASOS can provide them with experience in marketing, product manufacturing, and after-sales service.

2. Method

The brand positioning of ASOS is very direct, a fast fashion brand targeting the young generation. The reason why it can develop so rapidly must be inseparable from its marketing strategy. Through a literature search, the research team found that, first of all, ASOS only sells online. Through a professional team, ASOS keeps following fashion trends, pays attention to distinctive fashion brands, and selects the most fashionable suppliers. ASOS has a variety of products and more price choices. It has a price range of 15-60 euros and already covers 70% off dresses. However, it also has more than 100 euros items with a wide selection [5]. ASOS allows other brands and independent designers to "open their stores" on the ASOS platform to sell their designed products. This open strategy increases the variety of categories on the ASOS platform.

At the same time, ASOS's clothing design is still cost-effective, so the brand's competitive advantage has not been weakened [6]. Therefore, ASOS meets the needs of most customers and allows everyone to choose their favorite products. Secondly, the brand magazine of ASOS plays a great role (See Figure 4). The magazine is a boutique compilation compiled by industry insiders and dressers and has become one of the most popular fashion magazines in the U.K. The magazine is also sold especially. ASOS will deliver the magazine to customers who buy many products directly to their homes for free, while those who do not buy it on the ASOS website will have to buy it elsewhere [7]. Such excellent magazines effectively increase the customer purchase rate and are useful for bundle sales.

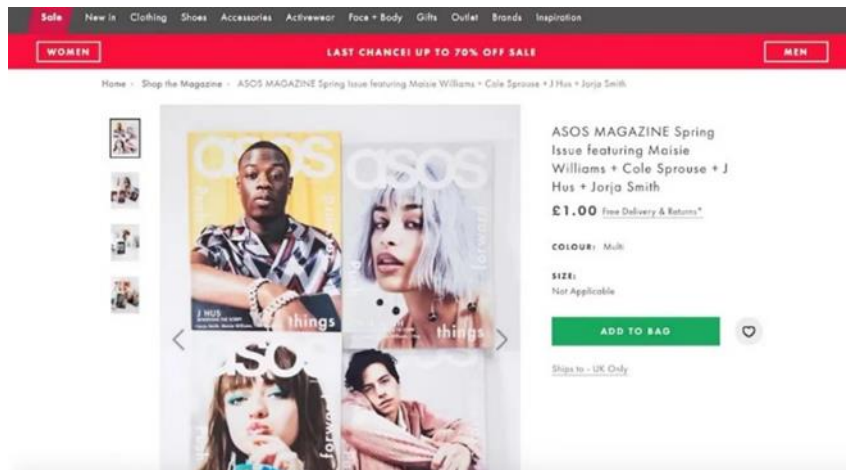


Fig. 4 ASOS magazine development of the brand

Thirdly, everyone likes a responsible brand. ASOS' emphasis on corporate responsibility led them to create the ASOS Foundation (See Figure 5), which builds infrastructure and education programs. More than 600 young people have been helped through the foundation and can learn brand knowledge. More than 525 ASOS volunteers provided a total of 878 hours of workshops. ASOS also works with charitable organizations such as the Prince's Trust and SOKO Community Trust to fulfill its corporate responsibility [8]. By emphasizing corporate responsibility, ASOS creates a brand with a positive image that lets consumers know who they are helping and are more willing to support the development of the brand.



Fig. 5 ASOS foundation

3. Result

Online shopping is the main way people choose; ASOS is one of the biggest famous online shopping brands. This brand is alongside well-known brands such as Nike and Adidas. ASOS uses its social platform account to increase its visibility, equivalent to increasing sales. Many customers of ASOS say they are satisfied with the service of ASOS and would recommend it to their friends.

Based on this information, ASOS has a good loyalty program to retain customers and increase sales. ASOS continues to pay attention to fashion trends and distinctive fashion brands and select the most fashionable suppliers through a professional team. ASOS has a wide variety of products and more price choices, so the brand ASOS meets the needs of most customers and allows everyone to choose their favorite products. ASOS bills itself as a global fashion destination for young people that exists to give you the confidence to be whom you want to be. In addition, ASOS has created A positive brand for itself through activity so that consumers know who they are helping and are more willing to support the development of the brand.

For young customers, they feel the brand offers creative and unique marketing programs that appeal to them. It will make young people more willing to buy products of this brand. The brand ASOS is in line with these young people and more in line with their needs.

ASOS constantly surveys its customers by listening to the trends of the free-thinking and non-conformist new generation. ASOS has broken new barriers in the e-commerce fashion industry by introducing, which is called a catch-all approach. That means genderless fashion. ASOS has dropped the gender-specific section on clothing and accessories. For ASOS, there is no such thing as universal content. The brand is all about marketing to each specific demographic. This point means that no one will be left out or ignored. ASOS is great for getting cheap trendy stuff. ASOS makes a cloth that petite, tall, large, or even pregnant can wear [9].

4. Discission

In the opinion of this group, the two most obvious problems of ASOS are the lack of offline stores and low popularity (See figure 6). This group will propose solutions to these two problems.

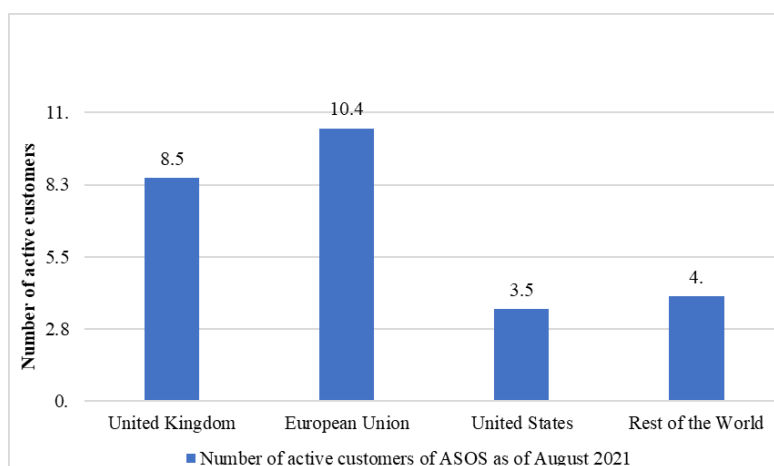


Fig. 6 Number of active customers of ASOS as of August 2021

4.1 Offline stores

The first is the problem of offline stores. Because ASOS has only one online shopping platform, it will lose people who are not proficient in using the Internet. People who cannot smoothly shop on the Internet will not use ASOS, which is a huge loss to ASOS. At the same time, customers cannot see the real goods but can only refer to the pictures on the website, which is likely to produce errors, leading to an unpleasant shopping experience. Therefore, this group believes that the establishment of offline stores is necessary. First, ASOS needs to seriously learn the basic skills of excellent physical retailing, including planning, display, shopping guidance, promotion, and shop assistant management. From the planning perspective, an online website focuses more on a single item and explosive style, but offline development must have a theme, series, promotional activities, and words. This requires ASOS to learn quickly, or it can also directly recruit and set up relevant talent teams. Besides, most of the goods in the online shopping platform of ASOS are famous for their high-cost performance and are accessible to the public. Therefore, this team believes that the location of ASOS physical stores should be next to the target big brands to realize the attraction of big brands and the transaction of new brands. The group also believes that ASOS should develop some new products for offline stores. Although the offline store's cost is high and the space is limited, the conversion rate is high, and the commodity price is high, the return rate is also lower. However, one thing to note is that the offline store and the online platform's overall brand style and price system should be roughly consistent, and then some products with higher customer unit prices should be added offline [10]. As mentioned above, establishing such a physical store is a new beginning for ASOS, and it is also exploring a new field and encountering unlimited opportunities.

4.2 Internationalized

Secondly, it is a pity that ASOS will lose many potential customers and development opportunities if it is only limited to Europe. Only when ASOS is internationalized can it develop its brand more comprehensively and stand firm in the market. ASOS is a name, term, mark, symbol, or design designed to identify the products or services of a seller or group of sellers and to distinguish them from those of competitors. Therefore, to internationalize the brand, ASOS must first protect its brand. The brand embodies the cultural value of the products produced by an enterprise, which also represents the reputation and image of the enterprise. It is a kind of intellectual property. If companies do not pay attention to protecting brands' intellectual property, they can easily be defeated by other companies, especially multinationals. In addition to the brand value, the name ASOS can distinguish similar products from each other so that its products or services can be better identified and selected by consumers [11]. ASOS also needs to understand the needs of customers in different countries. Customer demand determines the integration of ASOS' products, marketing, and promotional activities. Only when ASOS understands the demand level and specific characteristics of sales objects can it ensure that the completion of sales tasks is based on meeting customer needs. Determine the main needs of the sales target to determine the main starting point of sales strategy and summarize the main methods to solve sales problems [11]. Also, ASOS should adjust the management leadership team quickly and introduce managers capable of an international operation to enrich the enterprise management decision-making layer. In reality, only the international talent team is the powerful power to promote the process of brand internationalization. It is necessary to use various resources, such as hiring foreign experts on international terms, which is worth paying a certain price. This group of people must be skilled in international operations. They should either have many years of experience in international business operations in a multinational foreign-funded enterprise; work experience abroad; or a relatively wide range of international interpersonal relations, or should be directly local people in the target market. Only with the help of these talents can ASOS realize its dream of brand internationalization [12]. Finally, the promotion of offline stores is also very important. ASOS does not only need to carry out official publicity through channels, such as the official website, magazines, or advertisements. Customers can also advertise it. Customers can recommend ASOS offline stores on their social platforms, share their experience with more people, and at the same time, let ASOS contact more potential customers who are similar to existing customers, which greatly improves the popularity of ASOS.

5. Conclusion

ASOS sells products in the form of online shopping, and most young people buy products online. Also, the ASOS spent a lot of time on publicity. The brand ASOS will use YouTube, Instagram, and other social networking sites to attract young people's attention in young fashion. This brand is very inclusive to people so that different people can find clothes suitable for themselves. As a result of these aspects, ASOS is a brand that has creative and unique to young people. Therefore, this brand can attract young customers and meet the needs of young customers. The credit of the ASOS brand, the support of the brand, and the loyalty of customers to the brand, are the three-point that cause the future of ASOS to have better development and better trend. It can be seen from the comprehensive appeal that the development prospect of the ASOS brand in the young customer market is also getting the benefit.

But ASOS's growth has been limited to Europe. As a result, ASOS lost a large number of young customers. Although ASOS has a promising future, it is not international. The following three suggestions can help ASOS solve this problem.

1. ASOS should maintain the cultural value of its brand. Because of that, the brand's unique understanding is the basis for attracting young customers

2. To internationalize the brand, ASOS needs to understand the needs of young customers in different countries. Therefore, the management team needs to be adjusted and diversified management. That can enrich the decision-making layer of enterprise management.

3. ASOS can expand its promotion scope. Make the brand popular with young people market in different countries.

To sum up, ASOS has cracking development potential in the market of young customers as long as it solves its development limitations.

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