



RESEARCH ARTICLE

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Implementation of Porter's Generic Strategies in The UK Fashion Retail E-Commerce

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ABSTRACT


The application, and implementation of Porter's Generic Strategies in the UK e-commerce fashion retail industry are the main topics of this study into the strategic management practices of UK e-commerce companies. The study will evaluate how major fashion retailers in the UK have adopted and implemented Porter's strategies of cost leadership, differentiation and focus to gain competitive advantage in the market. Academics, practitioners, and business leaders looking to improve their competitive standing and make wise strategic decisions will benefit greatly from the findings.

Keywords: *E-commerce, Fashion Retail, Porter's Generic Strategies, Cost Leadership, Differentiation, Focus Strategy, Competitive Advantage*

Submitted: April 02, 2024

Accepted: May 31, 2024

Published: June 12, 2024

 [10.69593/ajbais.v4i2.70](https://doi.org/10.69593/ajbais.v4i2.70)

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1 Introduction

The introduction of the Internet and rapid advancement of technology have transformed how organizations operate globally (Munirathinam, 2020). One of the most significant recent developments has been the emergence and growth of e-commerce, or the buying and selling of products and services online (Munirathinam, 2020). According to Hood et al. (2020), the United Kingdom (UK) has been at the forefront of this digital revolution, experiencing a major increase in e-commerce activity over the years. E-commerce provides benefits for companies such as a wider customer base, lower operating costs, and greater consumer convenience (Hood et al., 2020). However, enterprises seeking to establish and sustain a competitive advantage face challenges due to the highly competitive nature of the UK e-commerce sector. Hood et al. (2020) state that strategic management techniques are crucial in determining the success or failure of e-commerce companies in this highly competitive environment.

The primary framework for strategic management in this study is Porter's Generic Strategies. By selecting and putting into practice an appropriate strategic strategy, organizations can use this framework, created by Michael Porter, to gain a sustained competitive edge. Cost leadership, differentiation, and focus are the three general tactics Porter suggests (Islami, Mustafa, & Topuzovska, 2020). Understanding how these general methods are implemented by e-commerce companies in the UK and looking at the results they get can provide important insights into the dynamics of this developing market. This research intends to shed light on the elements that support or impede strategic management performance in the UK e-commerce sector by researching both successful and unsuccessful situations. This study will examine the tactics used by UK e-commerce fashion retail industry in the UK and determine what factors contributed to their implementation. Stakeholders can make wise decisions to improve their competitive positioning and promote sustainable growth by developing a thorough understanding of the strategic management approaches used in this situation.

1.1 Aim of the Study

This study aims to analyze the application of Porter's Generic Strategies in the UK e-commerce fashion retail industry and examine the factors influencing the implementation of these strategies.

1.2 Methodology

Secondary data approach to examine the strategic management practices of UK e-commerce businesses, with a specific focus on the application, and implementation of Porter's Generic Strategies within the industry.

1.3 Overview of Porter's Generic Strategies

Porter's Generic Strategies framework outlines two key dimensions that firms can focus on to gain competitive advantage - cost advantage versus differentiation, and a broad market scope versus a narrow, niche market scope (Porter, 1980). Three main strategies constitute Porter's framework for generic strategies: focus, cost leadership, and differentiation. The goal of the cost leadership strategy is to achieve the lowest production and operating costs in the market, allowing a company to provide goods and services at market-competitive prices. This strategy is most effective when there are high entry barriers and limited differentiation opportunities in the market. The differentiation strategy, on the other hand, emphasizes creating unique and desirable products or services that set a business apart from its competitors. This approach can allow a company to command premium prices for its products or services. The focus strategy entails focusing on a particular market niche or segment and designing products or services to cater to the unique requirements of that target market. This strategy can help businesses effectively target a specific market segment and gain a competitive edge.

Research has shown that the successful implementation of Porter's Generic Strategies can contribute significantly to a business's competitive advantage and long-term success. For instance, a study by Firoz and Rashidirad (2019) found that pure online firms that employed differentiation and focus strategies had higher customer satisfaction levels and financial performance than those that relied on cost leadership. In addition, Ali and Anwar (2021) found that companies that effectively

implemented Porter's Generic Strategies had a stronger competitive advantage in their respective industries. Moreover, Porter's Generic Strategies have been applied in various industries, including the automobile, airline, and retail industries. For example, in the airline industry, low-cost airlines such as Ryanair have effectively employed the cost leadership strategy by reducing costs through operational efficiencies and offering no-frills services at low prices. In the retail industry, Walmart has effectively employed the cost leadership strategy by leveraging its large-scale operations to negotiate low prices from suppliers, passing on the savings to its customers.

2 Literature Review

2.1 Overview of Adoption of Porter's Generic Strategies in UK Fashion Retail E-Commerce:

2.1.1 Popularity of Cost Leadership Strategy

The cost leadership strategy has gained immense popularity among major fashion retailers in the UK e-commerce space (Nanda, Xu & Zhang, 2021). Many leading brands strive to achieve cost advantages compared to rivals by optimizing their supply chains, improving processes, leveraging technology and discounted sourcing. Fast fashion retailers like Primark, Boohoo, ASOS and PLT exemplify the cost leadership approach through lean, efficient operations that enable rock-bottom pricing (Cairns, Ritch & Bereziat, 2022).

ASOS sources products directly from over 1000 suppliers, bypassing middlemen distributors to get discounts (Sumarliah et al., 2021). It has invested heavily in automation and robotics at its fulfilment centers, reducing labor costs. Process re-engineering focused on speed has compressed lead times. ASOS keeps clothes moving fast from factories to customers, reducing inventory costs. Its website and app provide a cost-efficient direct sales platform avoiding physical store expenses (Sumarliah et al., 2021). These efficiencies help ASOS maintain prices up to 20% lower than high-street fashion retailers.

Similarly, Boohoo has honed a hyper-fast supply chain, sourcing low-cost products from UK suppliers and Turkey (Murphy, 2021). It keeps inventory levels low by ordering and manufacturing clothes in small batches in response to demand. Artificial intelligence and

analytics optimize planning. Minimal branding and marketing costs coupled with discounted sourcing support ultralow pricing that has propelled Boohoo's rise (Murphy, 2021). Primark's budget prices draw on cheap labor in developing countries, high volumes for economies of scale in logistics, and minimal advertising costs with no e-commerce presence (Murphy, 2021). In-store efficiency is maximized with item density, avoiding frills. By minimizing operating costs at every stage, Primark delivers fast fashion price points that beat online pureplay.

The cost leadership strategies have proven hugely effective for fast fashion disruptors. Online price comparison makes low pricing extremely attractive to millennials. Primark, Boohoo and ASOS command over 20% of the under-35 women's wear market in the UK through compelling value proposition (Murphy, 2021). Cost control is vital in UK online fashion with intense competition and price-sensitive customers (Sahai et al., 2019). Legacy high street players have lost share to lower-priced pureplay. Retailers lack strong differentiation as merchandise is easy to copy. Cost efficiencies enable lower prices to drive sales volumes and market share. Investments in technology and supply chain improvements support cost leadership strategies (Sahai et al., 2019). Overall, the UK e-commerce fashion space demonstrates the power of cost leadership in drawing budget-conscious shoppers online. Efficiency and minimizing costs across the value chain is imperative for success.

2.1.2 Differentiation Through Branding Service

Established high-street retailers like Next, Marks & Spencer and John Lewis have sought to differentiate themselves in the online space through strong branding, quality merchandise, and superior customer service. These brands leverage their legacy reputations for quality, reliability, and trust to attract discerning shoppers online (Jones & Comfort, 2019). Next differentiates through its high-quality in-house clothing brands like Lipsy and Insight. Its personalized website recommendations and seamless online-offline experience aid convenience. Marks & Spencer emphasizes quality fabrics, signature styles and trust in its branded goods. Customer service investments like same-day delivery enhance the shopping experience. John Lewis 'Never Knowingly Undersold' price match promise provides confidence alongside its reputation for quality products and service. However, these

differentiation strategies face challenges in the price-sensitive UK online fashion space. Consumers are drawn to discounted fast fashion for value, making it difficult to command price premiums (Jones & Comfort, 2019). Building loyalty takes continued branding investments and reinforcing differentiated positioning. Pureplay fast fashion disruptors like ASOS and Boohoo have made major inroads despite lacking the brand heritage pricing (Cairns, Ritch & Bereziat, 2022). Constant innovation in merchandise designs, digital experiences and service is needed to stay ahead. Technology interfaces enable more personalized and convenient shopping that supports differentiation. Features like virtual try-on, AI recommendations, and mobile apps provide customized experiences (Al-Nabhani et al., 2022). Click and collect services, returns drop-off lockers and same-day delivery improve convenience. Integrating digital platforms with physical stores aids omnichannel service. Investments in these technologies can help established brands differentiate through superior experiences. However, replicating innovations is easy for rivals. Sustaining differentiation over the long term remains an uphill battle in UK online fashion amidst intense competition.

3 Targeting Focus Niches

Some UK fashion retailers have adopted a focus strategy by targeting specific niche segments. For instance, ASOS has a plus-size brand ASOS Curve catering to curvy women with extended sizes (Jocovski, 2020). Brands like Modanisa and Aab specialize in modest Islamic wear for Muslim shoppers. Retailers like Missguided and Quiz focus on fast fashion for teenagers and young women. Premium brands like Burberry and Mulberry target higher income segments seeking luxury.

These focusers leverage consumer insights to offer tailored products and messaging to their niches. Extensive market research helps them understand needs around fit, style preferences, values and communication channels (Lee, Hoehn & Karim, 2021). ASOS Curve provides style advice for different body types. Modanisa designs are infused with modesty elements aligned to Islamic sensibilities. The quiz uses Instagram influencers popular among young fashionistas. Burberry projects British heritage and craftsmanship for premium positioning.

Focus strategies allow for dominating an underserved

niche (Lee, Hoehn & Karim, 2021). Large mainstream retailers may overlook specific segments where specialized players can thrive through customization. It fosters strong loyalty within the niche. However, the niche may be constrained in size, limiting growth potential. Fickle consumer tastes, especially among youth demographics, pose risks (Jocovski, 2020). Focusers must constantly adapt products and positioning to retain target segments. They also face niche-encroachment from large low-cost fast fashion brands appealing through broad assortments. Sustaining a differentiated focus proposition is challenging but can be rewarding in UK online fashion.

4 Critical Analysis of How Porter's Strategies Have Been Implemented

ASOS exemplifies the successful implementation of a cost leadership strategy in the UK fashion e-commerce sector. By optimizing its supply chain, leveraging automation, direct sourcing, and minimizing overhead, ASOS has achieved significant cost advantages (Rashid & Barnes, 2021). This enables competitive pricing that has fueled its rapid growth. ASOS's website and app provide a low-cost direct sales channel, avoiding expensive physical stores. Process improvements like demand forecasting using AI boost efficiency and cost control. These factors have contributed to effective cost leadership implementation (Rashid & Barnes, 2021). In contrast, mid-market department stores like Debenhams struggled with differentiated positioning (Donnelly et al., 2020). Lacking a clear brand identity amidst competition from online fast fashion pureplay, they were caught between discount and premium fashion. Attempts to differentiate through service quality and product range were inadequate and ineffective. This led to declining sales and store closures, indicating failed implementation.

The literature suggests key success factors for UK fashion retailers include building strong branding, developing agile supply chains, leveraging technology, targeted segmentation, and constant innovation. Weak branding, inertia in adapting business models, and being outpaced by competitors in innovations pose key challenges. Advanced analytics aid in identifying and focusing on niche target segments. Fashion retailers need coherent strategies aligned with industry conditions and organizational capabilities to succeed (Donnelly et al., 2020).

The analysis shows that aligning Porter's Generic Strategies with retail capabilities and the competitive context is crucial for effective implementation. ASOS's cost leadership leverages its digital platform, while Debenhams struggled to differentiate its inconsistent brand and service. Adapting strategies to shifts in consumer behavior, technology and competition remains an implementation challenge. This links to the research questions examining the adoption of Porter's Strategies in UK fashion retail e-commerce. It provides evidence of how retailers have implemented cost leadership and differentiation approaches, analyzing key success factors and difficulties faced based on academic literature. The analysis yields insights into strategic management best practices for fashion e-commerce firms to consider.

5 Conclusion

The study intended to investigate the strategic management methods used by UK e-commerce companies, with an emphasis on the fashion retail sector. It also examines the implementation of Porter's Generic Strategies in this sector. An overview of Porter's generic strategies, including as cost leadership, differentiation, and focus, is given in the literature study. It analyzes their applicability in the UK e-commerce sector and their importance in the face of fierce competition and price-conscious customers. The assessment also highlights the elements, such as efficient market research, technological innovation, and strong logistics and supply chain management, that contribute to the success of strategic management techniques in the fashion retail sector.

The study found that major fashion retailers in the UK are actively adopting cost leadership, differentiation and focus strategies aligned to their capabilities and competitive context. Cost leaders like ASOS leverage e-commerce infrastructure for efficiency to enable low pricing, while brands like Next pursue differentiation through strong branding and customer service. Retailers also target niche segments, with ASOS Curve catering to plus-size consumers. Additionally, the study analyzed how aligning strategies to organizational strengths and industry dynamics is crucial for effective implementation, evidenced by ASOS's successful cost leadership. Lack of strategic clarity and inability to adapt strategies to shifts in technology, competition and consumer demand contribute to failure. Success factors include agile supply chains, targeted segmentation and

constant innovation.

The challenges and opportunities in implementing Porter's Strategies were also examined. While e-commerce promotes efficiency and niche marketing, intense competition and constantly evolving consumer tastes pose difficulties. Success requires vision and agility to reconfigure strategies attuned to external disruptions and industry evolution. However, the study is limited by its exclusive use of secondary data. Primary research through surveys or interviews could provide additional insights from industry participants. The focus on fashion retail also constrains generalizability. Further research across industries and geographies could augment the findings. Overall, the study makes a valuable contribution to understanding strategic management practices in the UK retail fashion e-commerce sector.

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