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SWOT Analysis of e-fashion & textile industry

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Abstract

In the 21st century as a consequence of widening domain of Technology and Artificial Intelligence e-commerce and e- platforms have compressed the supply chain by entire change in the business models. It expedites direct communication between customer and producers resulting in high customer satisfaction. Information Technology has revolutionized information transfer and interface between business to business and business to consumer. Nowadays e-platforms are working as global promotion accelerator enabling worldwide access of Indian fashion products resulting into exponential growth in the business of many textile and apparel industries. Such worldwide exposure of trade ambience and processes is appreciated by business persons to comprehend international market systems and global demand of fashion products as well as endows customers with experiencing worldwide range, unlimited variety and superior quality of textile and fashion products.

In the post-COVID world, various socio-technological factors associate the online shopping mechanism that provide novel dimensions to strengthen business enterprises, compete with already existing giant players, contributing to financial success of the business enterprises, especially fashion startups have huge potential of economic growth. A groundbreaking revolution from customary fashion business towards conception of online textile and fashion business environment indicates vital changes in business practices and its visualization. Since clothing is among the three basic necessities of mankind, the fashion and textile industry plays a vital role in economy of every nation. With the expansion of electronic transactions between business enterprises and consumers it is ought to find out pros and cons of e-fashion and textile industry in terms of SWOT analysis.

Keywords: Business models, e-commerce, economic growth, information technology, SWOT analysis

Introduction

In today's world of Technology and Artificial Intelligence e-commerce has fascinated the interests of both customers and business community. E-platforms have high potential to alter the business models completely by shortening the supply chain, facilitating direct communication between customer and producers and satisfying customers' needs. In the customary textile business situation integration of IT has revolutionized information transfer and interface between business to business and business to consumer. The business structure of many textile industries has changed significantly by taking advantage of e-fashion platforms and their business has been amplified radically.

It is pragmatic that in the last few decades the Indian textile and fashion industry has arrived at crowning position regarding its production capacity, product quality and cost effectiveness and influenced the global textile market significantly. E-platforms facilitate global promotion and access of Indian fashion products and that is a boon for national economy. Such worldwide exposure of trade ambience and processes is valuable for business persons to comprehend international market systems as well as global demand of fashion products and consequently inspire them for creation of high quality innovative designs in their fashion production. On the other hand, exposure of worldwide available fashion products endows customers with experiencing worldwide range, unlimited variety and superior quality of textile and fashion products.

Online fashion business is one of the most swiftly striking industries in recent times with grand success caused by various socio-technological factors supporting the online shopping mechanism. The outcome is increases in online availability of the products of a number of distributors and retailers through e-fashion portals.

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E-commerce has crossed the threshold of the fashion business scenario like miracle. E-business is budding prodigy and providing novel dimensions business enterprises to strengthen them, compete with already existing giant players and catch the eyes of the customers benignly towards their presence in the highly competitive market, contributing to financial success of the business enterprises, especially fashion startups. Now days the business philosophy has been changed tremendously as the businesses have huge potential of economic growth. The fundamental changes in business processes and vision indicate big transition from customary fashion business towards creation of online textile and fashion business environment.

SWOT Analysis

Since clothing is among the three basic necessities of mankind, the fashion and textile industry plays a vital role in economy of every nation. With the expansion of electronic transactions between business enterprises and consumers it is ought to find out pros and cons of e-fashion and textile industry in terms of SWOT analysis. SWOT analysis is used to trace out strengths, weaknesses, opportunities and threats of any venture. It is a technique to figure out the strengths to expand e-business and to discover opportunities for its augmentation in current scenario. The analysis points out weaknesses to be eliminated from business environment and the threats that can hamper businesses from thriving in future. It enables comprehensive and thorough exploration of company's competitive advantages and channel out guiding principles to formulate progressive strategies for future growth and expansion. Likewise, SWOT analysis of e fashion and textile industry is a way to find out various parameters that boost up the augmentation of e-textile business and e-commerce in the fashion industry.

Strengths

Strengths can be defined as the powers by which a business can operate with its best approach and take an advantage over its competitors. Following are the strengths of e-fashion business:

- **Global Approach and Worldwide Access:** In the 21st century globalization has influenced world fashion and economy. E-Commerce platforms are providing business conveniences at low cost, viz. manufacture, communication and transportation round the globe. Global location and boundary less extension of fashion market is possible just because of e-commerce and perhaps it is the biggest strength of global fashion industry. It has made possible for all the players in fashion market to expand their business globally and amplified the geographical area of fashion retailing. E-platforms make sure about the extensive global availability of fashion products in addition to minimize transportation and shipping costs.
- **Price Competence and Discounts:** The next remarkable strength of e-fashion platforms is lower pricing of most of the products as compared to physical stores. The reason behind this includes the curbing of retail channels and supply chain by elimination of middleman and direct interaction between producer and end user. Further, the e-Commerce websites in general do not have any overhead expenses that account for display, decoration, rent, salaries and many more. Utilization of e-fashion portals endows the sellers to provide attractive discounts on their products owing to cutback in production, storage and

infrastructure costs which consecutively attracts more consumer attention.

- **Ease in Availability and Transactions:** Fashion portals make certain that all the required fashion products' range is made available to their prospective customers including clothing, dress material, upholstery, home textiles and furnishings, etc. The customers need not to step out of their homes for purchasing as every required textile and apparel item is made available to them online. They have just to browse, select and purchase the required items. Considering the ease of the customers in purchasing and associated processing, the websites and portals have integrated plentiful methods for payment. Electronic fund transfer mechanism is very fast and convenient; funds can be processed from any part of the globe which makes financial transactions incredibly effortless and comfortable.
- **Freedom from Time Constraints:** E-commerce facilitates sale and purchase of products with no time restrictions. Any person can buy or sell any textile and fashion product anytime of the day or night, i.e., 24 x 7 from anywhere throughout the globe. There is no fixed time to open or close the store hence there is no limitation of time for shopping and transaction.
- **Time Saving:** Information exchange and money transaction are certainly very fast through internet. The particulars of any products like constituent material, finishes applied, quality, colour & sizes available, care instructions and cost are readily shared among sellers and buyers. Responses from both the sides are very fast and in fact just on a one click distance, customers need not to go anywhere, there is no necessity of any physical activity or moving outside home, going from one shop to another in search of the desired product at best prices and the buying process is very fast. It saves time because physical presence of the customer and seller is not essential in the e-fashion market.
- **Ease in Price/Product Comparison:** Right to Information and right to choose are among the fundamental rights of consumer. E-platforms facilitate effective and efficient comparison of quality and price of the fashion products available on different websites. Customers are able to switch quickly from one website to another for assessment of preferred attributes and features of every item. Customers can have a sight, comparison, analysis and explore the quality and prices of different products. Shoppers can view and compare the product provided online by different textile firms not just the once but multiple times. It increases the propensity of the customer for more effective and efficient bargaining with dealer as compared to conventional merchants or storekeepers.
- **Flexible Target Market Segment:** The textile products consumption in the market and customers choices are the two major determinants of fashion market segmentation. It can be segmented as – apparels, home furnishings & textiles, technical textiles, etc. The right class of customer segment is one major constituent of successful business. In the e-fashion business, it is quite easy to change the potential customers and market segmentation any time as required by the company's targets. This flexibility augments repute and financial success both of any company.
- **Nixed Physical Setup:** The e-fashion system provides liberty to the customers to come across the view, choose

and create order for the fashion products according to their requirements. Moreover, in the e-commerce mechanism internet banking facilitates online money transactions, therefore any physical setup of company or business is not required. This reduces operational cost of the business, facilitates fast and direct communication and transaction with customers as well as improved and prompt services to the customers. Correct and precise information sharing results in elevated trust consequently higher satisfaction on the part of customers.

- **Cost Efficiency:** In the e-fashion industry, the longer supply chain is reduced due to exclusion of middlemen. Moreover, there is no need of brick and mortar showrooms, very little infrastructure and storage facilities are required and logistics can be either reduced or outsourced. E-fashion portals can be started with very low investment and sustained with minimum expenses as well - infrastructure, staff and rental cost are very low. All these features lend a hand to the small businesses to compete with the giant players in the market all through the world.
- **Affability for Start-ups:** E-business portals require very low amount to establish as compared to brick and mortar stores. In addition to this, the operating and promotional procedures become extremely simple, straight forward and economical through online shopping platforms. The establishment cost required for these platforms is less enough to be affordable by most of the startups. For that reason the startup businesses have a preference for e-fashion business portals to sale their products over customary shops in conventional markets.
- **Niche Market:** It is a sub segment of e-market where very rare and unique products are available and explored by the customer without making special efforts, time and energy. These kinds of extraordinary unusual products, viz. specially finished textiles or technical textiles, would otherwise be too difficult to find and purchase in the traditional markets by the consumers. Some of the specific smaller online platforms deal particularly in such rare products and have their own clientage with high demands.
- **Direct and Improved Communication with Consumer:** Social networking sites and online advertising networks are means for quick and effective communication channels to obtain feedback and interact directly with the customers. These instruments facilitate improved methods for simple and effortless information sharing among sellers and buyers which eliminate any ambiguity and establish long-term association between them.
- **Unique Designs and Variety of Products:** in general, customers are attracted towards wide range of products with unique designs. The companies performing their businesses through e-platforms must have profound understanding of designing. Persistent launching of new trendy designs gives advantage as the customers keep buying fashion products from the same company. Customers hunt for comfort, uniqueness, durability, superior quality, elegant designs and neat finishing in apparels for different occasions, such as party wear, formal wear, office wear, casual wear, etc. Therefore, the dealer should try to fulfill all the requirements of the customers to increase their sales.
- **Brand Value:** Consumer-centric approach in business enables e-fashion companies to build repute for their

brand. The brand name boosts up market and enhances company's reliability among customers. The brand appreciated for its quality and class is loved by the existing consumers over and over again.

Weaknesses

Weaknesses call attention to the sectors where the business or the brand requires improvement.

- **Fake Websites:** A number of fake websites are accessible on internet portraying their involvement in textile business. These websites assure the customers for secure dealing, better services, high quality and in-time delivery of products. Such fake websites discredit and defame the e-fashion business and consequently many customers develop distrust for online apparel and textile purchase.
- **Security and Digital Fraud:** A major weakness of e-commerce is that hackers steal personal and financial details of the customers provided to the companies for transactions and then they misuse this data for their own unfair interests. Security matter always concerned the customers, as they find themselves insecure regarding the integrity of the payment process.
- **Restricted Bargaining:** In the customary textile business customers are habitual for bargaining price of the product, whereas almost none of the e-textile business provides bargaining facilities. It results in lowering customer interest in online purchase of textile and fashion products.
- **Long Delivery Time:** E-fashion companies usually outsource third parties to deliver the ordered products. These service providers sometimes do not care about time, their services are not prompt and based on their own convenience, and hence they do not take interest in timely delivery which may lead to delaying the product delivery by few days. Sometimes packages may be lost or delivered at the wrong address due to negligence of the delivery person.
- **Limited Sources for Advertising:** Marketing and Advertising are must for any business to flourish. In e-commerce limited advertising opportunities are available. In e-fashion business advertisements and promotional activities can be accomplished mainly through internet that reaches only up to those internet users who are comfortable with e-commerce applications, therefore mass advertising is not possible. Moreover, many of them do not pay full attention to the entire promotional activities.
- **Unfeasibility of Physical Assessment:** Choice of textiles and apparel is primarily dependent on its colour along with exact shade, texture and physical touch but the customers are unable to touch, wear or take trials of clothing available online to judge its appearance and fitting. Many times it becomes very difficult for the customers to purchase clothing from e-market without verifying its feel, look, touch, and size or fit that may result in disappointment of consumer. Consequence of lack of face to face contact or direct and physical interaction between customer and sellers is consumer dissatisfaction because in e-commerce there is no scope for convincing the customer.
- **Lack of Personal Services:** Since e-commerce portals do not allow personal services which are intangible, absence of in-person communication between seller and buyer may leads to failure of customers in taking decision

regarding selection and purchase of the products.

- **Consumer Mindset and Generation Gap:** It becomes very difficult to change mindset of the consumer towards purchasing of products through fashion portals as they are most of them customarily prefer traditional methods of buying clothes. The older generation of consumers has a preference towards traditional markets for buying their required goods, specially clothing, rather through internet or e-shopping platforms. The foremost cause for this can be inaccessibility to technology and distrust for online procurement.
- **Complex Return Process:** When the purchased apparel is not liked by the buyers, caused by colour, size, fit, quality, finishing or any other discrepancy the product has to be returned. Sometimes the return process becomes very complex and to recollect the paid amount again becomes very complicated.
- **Shipping Cost:** Although the e-fashion portals offer discounts and sales to catch the attention of customers but there are instances of shipping cost being higher than the sales price of the product. Many times it becomes too high to afford. This diverts the customers from buying the product online and they are shifted towards traditional means of purchase.
- **Plagiarism Concerns:** It is a common practice to copy or steal the popular designs of a company by the other players in online fashion business as the products are displayed on the website. Involvement in activities like breach of copyright, bootlegging and illegal use of the designs can blemish the image of a brand or company and create distrust about the originality and authenticity of products offered online.

Opportunities

Opportunities refer to the environmental avenues encompassing the business that channelize it towards affluence in terms of inventories as well as take advantage to increase its returns.

- **Global Expansion of Market:** Globally expanding market is one of the biggest opportunities for online shopping. In the developed and developing countries the majority of the consumers possess electronic devices. They use to purchase goods online through e-fashion platforms. Internet facilitates the reach of websites all round the globe, therefore market area is now vast with a grand increase in the number of potential consumers. Anyone can take advantage of e-commerce in execution of e-fashion business from anywhere and anytime without any interruption. Since a major part of population is interested in online purchase and it can become the most effective way to sale and purchase fashion and textile products, there is a big scope of business expansion with growing population.
- **Brand Establishment:** Today's consumers are brand-conscious. They prefer purchasing of branded products instead of locally available products. E-fashion platforms offer them branded fashion products not only from the country they are residing in but from all over the world. If the brand is recognized for its quality, the customers will purchase the products without any doubts and ambiguity. Now days, lots of start-ups in the field of online textile and fashion are budding with assurance of quality, durability and authenticity. They can establish their brand repute in the international market in addition to the domestic one.

- **Changing trends:** As per the new changing trends it becomes clear that the generation Z feels more comfortable in buying products from internet only and this trend will be conceded in future as well. In the coming years the fast and effective e-commerce with easy financial transactions will acquire key position in the world Trade.
- **Technological Advancement:** The accessibility of internet facility and the number of its users are increasing day by day which induce people towards online purchase of fashion and textile products. The rapid development of AI, Internet and e-commerce, computer and information technology literacy, easy availability of low priced smart phones and increased purchasing power are have amplified the number of internet users and e-shoppers.
- **High Availability:** High availability (24x7) of fashion platforms is like a boon for the consumers who are busy in daytime and unable to spare daytime for shopping or due to some physical of other reasons not capable to go outside home for purchasing goods. These customers provide a big opportunity to e-platforms by purchasing according to their convenience even during late night or early morning hours by browsing all of the available e-resources.
- **Ample Scope of Growth:** With the creation and promotion of innovative designer products and flexibility in inflowing into diversified segments of fashion market e-fashion platforms encompass extensive scope for thriving growth. A wide range of designs displayed on the websites can draw attention, and satisfy crave of customers who are looking for something new and trendy. Designing and manufacture of fashion products according to the requirement of each segment in the market open new vistas for growth. There are wide gaps between consumer demand and supply. The never ending process of gap filling, with broader vision and wider perspective, taking into account the changing fashion and styles provide immense prospect for growth of e-fashion business.
- **Marketing Possibilities and Advertising:** Marketing through online portals is cheaper and easier as compared to conventional advertising channels. Internet provides more reasonable and convenient ways to market the products, especially clothing items and fashion products. Such alternative marketing techniques assist plentiful growth of the online shopping industry by catching the attention of more consumers.
- **Role of Influencers:** Social media has become an integral part of our everyday living and there are several internet users who have a large number of followers on social media. These people are known as "influencers". They present a powerful marketing opportunity for e-fashion sellers by promoting various e-fashion products among their followers and motivating them to purchase online. The influencers play very important role and e-fashion industry can take advantage of this.
- **Diversification of new product lines:** Various clothing brands diversify their products in related categories according to customer demand such as traditional wear, shoes, cosmetics and other accessories. It explores multiple dimensions and extensive possibilities for brilliant progress into the lines, especially in the emerging markets where the competition is low and demands are highly unsaturated.

Threats

The factors present in business environment that can be detrimental to the growth of any business are called threats.

- **Highly Competitive Market:** Since the e-fashion business is executed at global level, the existence of global competition is always there, in addition to competition at local or domestic level. This is caused by low investment requirements to start online business as compared to the traditional brick and mortar shops. Many new players are entering in the market employing their maximum potentials. The newcomers have to compete with the already established big brands in the e-fashion market in addition to the competition with each other. The survival, establishment and recognition are big challenges for new start ups. Great efforts and techniques are required to build status in the e-fashion industry flanked by the big companies, reputed brands and giant players as the customers prefer buying from the established brands rather new startups.
- **Requisites for Innovation:** In the present era the customers are always in search of innovative and unique textile products. These innovations in fashion productions always put financial burden on the manufacturers. It exploits various resources such as human creativity, energy, labour, time, money, etc. in the form of products, promotional techniques and even the cost of production.
- **Web Spoofing and Privacy concerns:** A very few customers have expertise in identification of fake websites hence there is always risk of web spoofing. Customers access to the genuine website and submit their personal details while registering on the e-commerce platforms and the hackers redirect them towards fake websites and acquire the confidential personal information of the customers. The personal details of the customers are exposed to the unauthorized parties without customers' knowledge. The personal information and data transmitted over the internet can be hacked during transmission and misused by the hackers.
- **Amendments in Government Regulations:** Constantly changing government policies indicate that the rules and regulations regarding online sales will gradually become more rigid and stringent. Tax guidelines for online sale point towards increase in trade tariffs, which in turn add to the cost of products available on e-fashion platforms. Consequently the consumers will be diverted towards traditional marketing system. Moreover data-centric regulations are enhancing complexity in setting up online stores.
- **Global Pandemic and Impending Recession:** The success of e-business depends upon uninterrupted transportation facilities to accomplish customers' orders. Lock down and quarantine caused from global pandemic have disrupted the demand and supply flow, ending in steep reduction in sales and profit both. Furthermore, the upcoming recessions originated because of reduced income worldwide will trim down e-transactions and online shopping.

Conclusion

The e-platforms are in strong position in fashion and textile industry although certainly have some downsides. Its major strengths includes accessibility, liberty from time constraints and low price whereas weaknesses take account of fake websites, security and digital fraud and unfeasibility of physical examination.

The SWOT analysis presents the future scenario of business opportunities for e-fashion such as growing digital market and power of internet influencers however the existing multitude of threats count up intense competition that needs to be resolved for growth of this industry.

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