

The market challenge and solution of Warby Parker

Yuyao Zhao

Shanghai University of Engineering Science, Shanghai 201620, China.

Abstract: Recently, online shopping has become more and more popular, Warby Parker, an American online retailer which was launched in 2010 and sells eyeglasses and sunglasses. It was founded with a rebellious spirit and a lofty objective: to offer designer eyewear at a revolutionary price, while leading the way for socially conscious businesses.(official website,2017). By now Warby Parker has opened several retail stores in Los Angeles and New York City, and has showrooms in Chicago and Philadelphia. Therefore, it is really important that this fashion brand concentrates on marketing strategy and tries to handle marketing challenges properly in the future and makes it more successfully. In this report, the main subject will be the marketing challenge of Warby Parker, namely the supply chain management for long term improvement. Now that the main supply chain factories are located in Asia especially China, and the high-counterfeiting makes are booming, the quality of products is becoming more seriously. The solution of this problem can be used by supply chain characteristic elements, which is related to the supply chain relationships. This case study will discuss the development of supply chain and critically examine the marketing challenge in the future of Warby Parker, and how to maximize deal with the challenge for this brand, the purpose is to try to put forward some pragmatic advices to this brand.

Keywords: marketing challenge; Warby Parker; supply chain

1. Marketing challenge

Supply chain

The main supply chain of Warby Parker is located in China and the raw material are come from a family-owned Italian producer, which has business both in Asia and Italy. The supply chain in Asian countries probably can decrease the costs due to the relatively low labor cost. However, the supply chains in Chinese and Italian factories have some problems recently, not only in China, but also in the whole world. So in the near future, the marketing challenge to Warby Parker is the supply chain strategy and management for long term.

Supply chain management is a key factor to the success of fashion enterprises, and that is the reason why many people choose to discuss about it. Not only this, supply chain process includes raw material stage through information flow and transformation of products, from the primary design stage to the last of end user, information and cash flows form is also a part of supply chain activities. For the British government, the productivity is still an essential part of the UK economy and composed the companies by the association of economy. (Hines,2007,p27) In addition, the supply chain dynamics can be reached by decreasing system delays, changing the order of individual echelon of decision rules and fine-tuning the existing policy parameters. It can be proved that the capability to administer supply chains is a center of competence for an organization. (Hines,2007,p30) There are lots of examples that can explain the business success and failures depending on this capability.

Warby Parker is also an online retailers, the internet is changing quickly, so the supply chain of capability is important to every e-retailing brand. Vertical integration is also a specific supply chain strategy of Warby Parker which means ownership and management of the vertically integrated companies in the system. Consequently, if they wants to be long term partners, the suppliers must try its best to meet all the needs of the retailers. Meanwhile, retailers measure supplier's performance by comparing them with variable other competitors, such as faults, service, quality and on-time deliveries. Therefore, management of the supplier network's advantages can be realized in the conventional economic sense of the term without necessity of vertically integration. Although there are various product counterfeiters that establish business all over the world, but generally speaking, counterfeiting industry in China is bring the most serious counterfeiting problem in world history, and this gray industry is still growing in China.

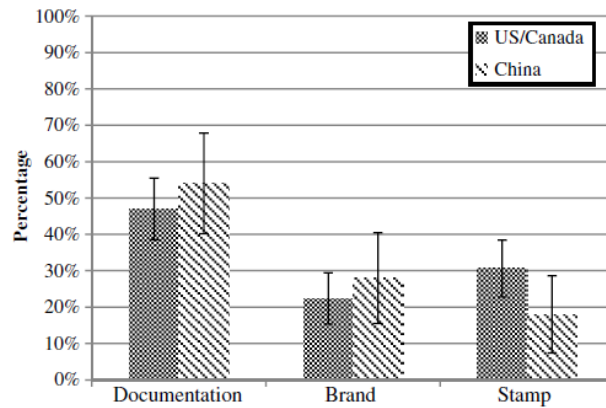


Figure 1 Most common methods of counterfeiting

(Source from Journal of Construction engineering and Management © ASCE / JAN 2013)

As can be seen from above, Figure 1 shows the most common methods of counterfeiting. According to these figures, the number of reported fraudulent paperwork was far larger than that of what the public is most familiar with falsified brand's logos, names and trademarks. In practice, only 22% (United States/Canada) and 28% (China) of all counterfeited goods choose to fake brand names, logos and labels. These figures prove that the products counterfeiting are more seriously than people think, since the producers are using smarter ways that are much more difficult for ordinary customers to distinguish, to produce counterfeited goods. It appears that a non structural item or product possibly has a longer development period during which no dangers appear.

2. Solution Supply chain relationships

As the importance of supply chain management has become manifest to each fashion firms, the strategies of supply chain must establish a suitable solution to Warby Parker's challenge.

Recently, with smaller quantities, rising customer needs, less inventory and essentially higher levels of unsteadiness than before in the environment, more and more businesses are attaching importance to their supply chain end-to-end. This requires need all company's staff from top-down to support the touch with supply chain. It also demands the assurance of expanding the technologies, people and processes, which makes supply chain strategist from paper to reality. The number of the staff of Warby Parkers is not too large, so this is easier to resolve. Previously, supply chain strategy has usually been underestimated as a cause of competitive merit, at present, organizations are shifting from concentrating on their supply chain effects on functional advantage to regarding their supply chain as a strategic capability.(Deloitte 2011, p4)

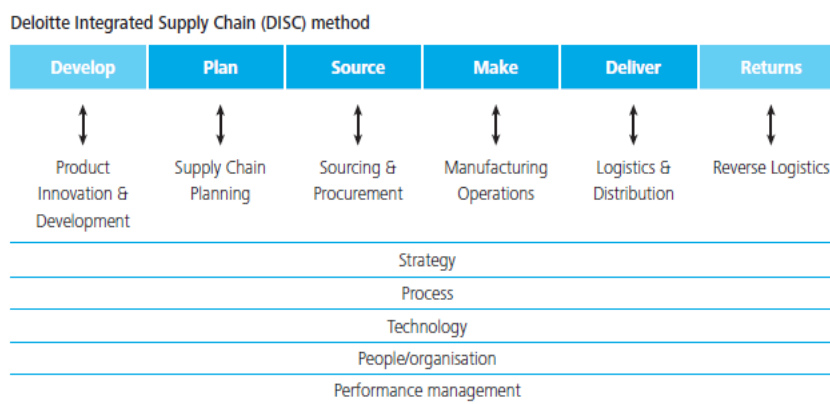
Supply chain flexibility has an advantageous affect to a firm's weakness recovery capability, and supply chain visibility expand a firm's disruption capability. Therefore, the solution of supply chain management is the understanding the action of supply chain characteristic elements. (Shao.X.F., 2013) Nowadays, the customers often have increasingly higher expectations and needs, so the supply chain flexibility and agility are important differentiators for achieving a competitive merit. Warby Parker has put itself in risk when launched, the inventory in factories is not quiet and sufficient, but the customers increasingly needs made Warby Parker demand began to exceed supply, because of the supply chain agility and flexibility are not perfect. It has never been more significant to knit complicated supply chain together. It can keep the numbers of excellently advanced supply chain planning.

Warby Parker's challenge in the future are the supply chain management, the main factories are in Asian especially in China. However, the counterfeiting in China is getting more and more serious than before, and the symbol of made in china may not give people a good impression, also the long distance between producer and retailer makes the two ends of the supply chain difficult to communicate and management each other, which can have negative influence in the product quality, finish time and delivery time. According to Hines in 2007(p48), the supply chain relationships theory can be used for the solution of Warby Parker's challenge. The relationships are one idea, but it can be divided into four small parts, quality, buyer-supplier, purchasing and globalization focus. The solution will focus on the two most important

parts: globalization and quality. Many different ideas and, importance of supply chain relations have already been discussed through this essay, but the quality and globalization focus can make the process of production become improved, and enhance the firms's business and market.

The effect of the quality movement probably highlighted appearing on Deming's fourth point of his fourteen ideas about quality, he believed that fewer suppliers are very much close to organizations's work.(Deming,1982) The supply chain of Warby Parker must focus on the quality, maybe for now the quality of products has no problem, but for the long run, the quality of the product is usually the reason of success of fashion brands, and the high quality can make the real product easier to be distinguished from other counterfeited goods. That is to say the new department does not have to be too big, it is only enough to provide the space of staff to check the quality of the goods, so it would not cost too much money. Additionally, the reason of doing these things are two. Firstly, strictly supervising can help Warby Parker save more costs, and by reducing material and resources used in the production, it can also protect the environment, because of the brand identity of Warby Parker probably is charity brand, due to the strategy of buy one pair and another will be free. Meanwhile, to administrate the produce of every process can help retailers communicate better with producers, and the producers can totally understand what is retailer's request and need, there are no longer distance existing. Secondly, If a new section is established in Asian, it could create more job opportunities to more people, this method may also create a chance to help Warby Parker enter a new market and expand the global market. Until now, Warby Parker has only well-known in American, and Warby Parker always pays attention to its company's culture, so the culture becomes more and more international.

As can be seen in Picture1, the process of supply chain is made up of six parts, the most significant part is planning the supply chain and enhancing them, for example, the technology of product should be expanded, the organization of this factory should be chosen more carefully, the manufacturing in Asian factories especially in China should be inspected more strictly. In the same time, the new product's design should be keep secret, so that counterfeiters would not know the details about it. And the counterfeited goods would not appear, so frequently in the eyewear market.



Picture 1 integrated supply chain method

(Source from Deloitte, Supply Chain Strategy: Leveraging the backbone of your business as a source of competitive advantage,2011)

Another supply chain relation is globalization that is also a solution of Warby Parker's challenge, but this solution are still belongs to supply chain relationships. As mentioned before, the brand publicity of Warby Parker is not so famous in all around the world, but if a company wants to expand their business, globalization is the only way. When these things happened, how to recover from them becomes a big challenge to each producer. So the supply chain factories of Warby Parker's being only in Asian does not comply with the idea of globalization. The first thing is responsiveness, which is a staff's ability to recognize the risk and make quick responses to them, and quickly make remedies about them; The second thing should be focused on the flexibility, that means the ability to achieve the same aim even in different process or different facilities application; The last thing is speed, such as produce the products on time, and complete a project as soon as possible.

Conclusion

Warby Parker 's supply chain strategy is vertical integration strategy, which means one company directly deals with raw material supplier. Nevertheless, due to the competitive environment, the factories in Asian has lots of problems, the counterfeiting is getting more seriously than before, not only this, the raw material supplier of Warby Parker in Italy also have challenges. In the future, China will continue to counterfeit more different goods than other countries (U.S. International Trade Commission, 2011). Meanwhile, the main products of Warby Parker are produced by Chinese factories, the high quality control, counterfeits and the long distance between the supplier and retailer is a doubt and question for customers. For the long term, this is a challenge to Warby Parker.

According to supply chain relationship opinion of Hines(2007, p48), this challenge can be resolved by one main solution, which can be divided into two small parts. Establishing a new and small department in Asian or China to supervise the supply chain factories more strict, and letting suppliers and producers or consumers cooperate and work together. At last, globalization strategy means that it might try to choose more factories in different countries, for enter a new market and create more opportunities.

References

- [1] DELOITTE., 2011. Supply Chain Strategy: Leveraging the backbone of your business as a source of competitive advantage. Belgium: Creative Studio at Deloitte.
- [2] KOKEMULLE.N., 2014. The Advantages of a Vertical Integration Strategy
- [3] [online] Available at:<<http://smallbusiness.chroncom/advantages-vertical-integration-strategy-20987.html>> [Accessed 22 February 2013].
- [4] -ration-strategy-20987.html> [Accessed 22 February 2013].
- [5] Deloitte L.I.L., 2012. Effects of enterprise technology on supply chain collaboration: analysis of China-linked supply chain. Enterprise Information Systems.[online].6:1, 55-77. Available at: University of Southampton Highfield <<http://eds.b.ebscohost.com/eds/detail?vid=3&sid=4371ec05-9498-4d75-8f78-be7651e620ff%40sessionmgr114&hid=107&bdata=JnNpdGU9ZWRzLWxpdmU%3d#db=edswsc&AN=000301923600002>> [Accessed 14 February 2014].
- [6] MINCHININ.R.E.,ASCE.M and RUSSELL.C.W.,et.al. 2013. [pdf]. Sino-American Opinions and Perceptions of Counterfeiting in the Construction Supply Chain. American Society of Civil Engineers. Available at:University of SouthamptonHighfield<<http://eds.a.ebscohost.com/eds/detail?vid=3&sid=fefe0f13-b5df-4f62-a90c-d8d488951957%40sessionmgr4005&hid=4213&bdata=JnNpdGU9ZWRzLWxpdmU%3d#db=iih&AN=91918592>> [Accessed 12 February 2014].
- [7] O'TOOLE.M., 2013. Warby Parker,One Million Eyeglasses, And The Next Generation Of Brands. [online] Available at: <<http://www.forbes.com/sites/mik-eotoole/2013/07/22/warby-parker-one-million-eyeglasses-and-the-next-generation-of-brands>>[Accessed 13 February 2013].
- [8] -eotoole/2013/07/22/warby-parker-one-million-eyeglasses-and-the-next-generation-of-brands>[Accessed 13 February 2013].
- [9] SHAO,X.F.,2013. Supply chain characteristics and disruption mitigation capability: an empirical investigation in China. International Journal of Logistics
- [10]Research and Applications: A Leading Journal of Supply Chain Management, [online].16:4,277-295. Available at: University of Southampton Highfield <<http://eds.b.ebscohost.com/eds/detail?vid=10&sid=4371ec05-9498-4d75-8f78-be7651e620ff%40sessionmgr114&hid=107&bdata=JnNpdGU9ZWRzLWxpdmU%3d#db=bsx&AN=89866690>> [Accessed 14 February 2014].

Author:

Yuyao Zhao,1991-,college lecturer, Shanghai University of Engineering Science, Research Direction: Fashion Marketing and brand communication