

# Cross-Border E-Commerce as a Foreign Market Marketing Strategy

## — a Case Study of ZAFUL

Liang Chang, Xiaoyu Jiang

Beijing Institute of Fashion Technology, Beijing 100031, China.

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**Abstract:** The world has entered a new era of digital economy. Online shopping has become an important consumption pattern for the general public, especially the younger generation. The global retail industry is transforming in the direction of e-commerce. As the world's largest clothing consumer, China has attracted many well-known overseas fast fashion clothing brands to land, and the competition in the domestic clothing market is fierce, prompting China's local fast fashion clothing brands to start a journey of "going overseas". In the future, the cross-border export e-commerce based on Internet technology has become an important way for Chinese fast fashion clothing brands to achieve overseas development. The swimwear products developed by ZAFUL, a full-scale marketing player, expand the application scenarios of swimwear not only in overseas markets, but also on the list of "Top 50 Chinese Overseas Brands" by Brandz, the world's largest brand equity database, in the surging and increasingly fierce global fast fashion competition. A beautiful challenge to established overseas brands. This paper mainly takes ZAFUL as an example to provide suggestions for successful cross-sea marketing for other clothing brands.

**Keywords:** ZAFUL; Ultra Fast Fashion; Cross-Border e-Commerce; Marketing Strategy

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## 1. Introduction

With the rapid development of the Internet industry and the implementation of the "Belt and Road" policy, China's cross-border e-commerce industry has ushered in explosive growth. According to preliminary customs statistics, in 2020, China's cross-border e-commerce imports and exports were 1.69 trillion yuan, an increase of 31.1%, of which exports were 1.12 trillion yuan, an increase of 40.1%; imports were 0.57 trillion yuan, an increase of 16.5%. From the perspective of the garment industry, digital transformation will promote the transformation of traditional manufacturing from low-end of the industrial chain to high-end of key links, enhance competitiveness in the global value chain, and play a major role in improving the optimal allocation of resources and the efficiency of circulation channel operation.

With the in-depth development of China's market economic system reform, enterprises must also choose the road of market. China's government departments announced specific institutional reforms as early as February 2002 (Nasseradeen and Eriksson, 2015). This paper mainly examines the reasons for ZAFUL's rapid growth overseas from a marketing perspective.

## 2. Related work

China, for example, has received much attention from the global e-marketplace in recent years (Li and Chan, 2016). Chen and Yang (2017) found that pro-innovation policy by government plays an import role in promoting performance of the CBEC sector.

Philip Kotler once said that marketing is a consumer-centric growth strategy, in this context, marketing is not only advertising, but also a strategy that includes brand positioning, concept and so on. Based on this, for those fledgling overseas enterprises, considering the market demand and choosing the market incision is an important step to open the business door.

Fung Global Retail & Technology, a retail research institute in Europe and the United States, released a relevant report as early as

2017, arguing that consumer demand for immediacy, in turn, forced retailers to produce faster and faster production cycles. Boohoo.com, a number of brands represented by ASOS are called ultra fast fashion. Usually, ultra-fast fashion brands can produce goods in 1 to 2 weeks, while ZARA and H&M take 3 to 4 weeks, and traditional retailers take 6 to 9 months.

### 3. Research Design

When the domestic public is paying attention to SHEIN, which has become the most popular e-commerce website for teenagers after Amazon, ZAFUL, another giant of China's fast fashion cross-border e-commerce, has also grown rapidly under the aura of SHEIN. This paper analyzes how ZAFUL has become another dark horse for cross-border e-commerce by comparing SHEIN.

ZAFUL sales are doubling every year and market penetration is rising in key markets such as the United States, Canada, Australia and the United Kingdom. In 2018, ZAFUL made its debut at London Fashion Week. ZAFUL has more than 15 million followers in its overseas social media matrix, and as of the end of 2019, ZAFUL had 39.86 million registered users, 23 million monthly active users, and a 90-day repurchase rate of 42%.

ZAFUL has been established for six years, and has been listed on the "Brand Z China Top 50 Global Brands" list jointly launched by Google, WPP and Kantar for three consecutive years, and its ranking has surpassed well-known brands such as JD.com and BYD, becoming the second largest Chinese fast fashion overseas brand in the field of fast fashion after SHEIN. The speed is amazing.

### 4. Marketing strategies of ZAFUL

SHEIN started from wedding dress, while ZAFUL started from swimwear and is currently the number one in China's swimwear export category. There are four major advantages from swimwear products:

First, Internet swimwear is a fast-growing market, especially the European and American leisure and tourism industries have been booming. For European and American female consumers who love to vacation, the replacement cycle of swimwear is getting shorter and shorter. The styles are getting higher and higher, and they are willing to try new products.

Another big advantage is that swimwear is a highly profitable product, and its shipping and production costs are low, which enables ZAFUL to achieve global free shipping and profit sharing.

The third is the frequent exposure of swimwear on social media and digital platforms such as Instagram, and the influence of Internet celebrities on fans is huge

Finally, compared to shopping malls, female groups prefer to try on swimsuits at home, which is suitable for online shopping.

Like SHEIN, the early ZAFUL traffic was initially obtained from social media delivery. ZAFUL's marketing started by relying on influencers to pour goods into traffic. At present, ZAFUL cooperates with nearly 100,000 Internet celebrities, the head of the Internet celebrities accounted for 20%, the Internet celebrity resources are concentrated in the United States, Spain and other countries, the age of Internet celebrities is mostly 18-24 years old, which is also the customer base targeted by the platform itself. At the same time, ZAFUL personally cultivated Internet celebrities, packaged, created Belong to the fashion image of the company, while increasing its exposure, the brand influence goes deep into the campus. In addition to online marketing, zaful also hosts various offline events, it is these activities have gained a large number of potential customers for zaful.

ZAFUL is a more in-depth platform in private domain traffic management, it has its own exclusive fashion community, the activity of the online community is very high, and the communication and interaction with fans are continuously strengthened through the community, and the stickiness of customers is enhanced. It launched its live broadcast strategy in 2018, and it is also the first cross-border e-commerce platform to enter live broadcasting, with its own live broadcast platform ZAFUL live, as well as external cooperation live broadcast platform.

In terms of logistics, in addition to overseas logistics distribution, ZAFUL also built its own logistics dedicated line service system with its backing cross-border communication. According to the annual report data, as of the end of 2019, the cross-border storage area is about 410,000 square meters, 14 domestic warehouses, 290,000 square meters storage area, and 63 overseas warehouses. Among them, Global Tesco has set up 37 overseas warehouses in 20 countries. On the other hand, the company has comprehensively strengthened the building of its own product brand. The company's operations include nearly 200 strategic brands, core brands and supporting brands. During the reporting period, the company's own brand revenue reached 6.69 billion yuan, accounting for 37.45% of

the overall operating revenue.

Brands are the product of competition, ZAFUL has opened up a brand upgrade due to the backdrop of countless up-and-comers pouring into the market eager to get a share of the cross-border fashion sector. Since 2018, the strategy of ZAFUL's brand upgrade has officially opened, and its strategy is mainly reflected in the three aspects of cooperating with celebrities, boarding fashion week, and increasing high-end exposure resources, to upgrade the brand tone and brand premium ability, and pave the way for breaking through the consumer cognitive obstacles of "low-priced goods" in the future.

## 5. Conclusion

ZAFUL has been working on the cross-border fast fashion track for six years. Different from traditional clothing production and sales companies, ZAFUL belongs to the "new business, new model" with more imagination space. Taking advantage of the unique advantages of Chinese manufacturing, small batches of rapid testing of the market, back-transmitting data to guide production, pricing and supply chain, making it have certain competitive barriers, which is an advantage that cannot be surpassed by the latecomers on the track in a short period of time.

The opportunity for industrial return brought about by the post-epidemic era, the outbreak of traffic dividends such as overseas social platform Tik Tok, coupled with the increase in the proportion of overseas consumers shopping online, will bring broader business opportunities to Chinese overseas brands. Moving from swimwear to a full-fledged fashion brand must be built on the quality of products that exceed expectations. A major feature of the brand is the guarantee of quality and credibility, without good products, the brand can not be talked about. This seemingly harsh requirement still has to go a long way for overseas brands. At present, it is a good time for ZAFUL to prepare for a sprint.

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