

Chinese Traditional Clothing Brands' Transformation in the Face of Generation Z — Taking Bosideng as an Example

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ABSTRACT

In recent years, with the rapid popularization of the Internet and the emergence of a large number of Generation Z people, traditional clothing brands have gradually lost their competitiveness in the market and have been surpassed or even replaced by emerging clothing brands. This paper aims to put forward some suggestions to Chinese traditional clothing brands on how to deal with the transformation of this environment. By analyzing the consumption behavior of the main consumers in the current clothing Market, Gen Z: highly connected to the network, motivated by emotion and experience and pursuing personalization, and taking Bosideng, this paper basically captures the main consumption preference of Gen Z. Also, it takes Bosideng, the former leader of the Chinese clothing market, as an example, expounding the strength and weaknesses of Bosideng and explaining its transformation methods in detail—to be more specific, younger, and viral products, channel expansion, and technology construction. Facing Generation Z, this paper gives three suggestions to the traditional clothing brands that are still being suppressed by new brands, that is, focusing on innovation, developing channels in different dimensions and digitalization and informatization.

Keywords: Gen Z, Bosideng, Transformation, Traditional clothing brands

1. INTRODUCTION

With the continuous popularization of the Internet and the continuous reform of the apparel market, the Chinese apparel market is close to saturation, and traditional apparel brands are gradually ebbing and being replaced by new brands. The Z-era population is the main consumer in the future. So studying their consumption characteristics and making corresponding innovations and transformation is the key to the resurgence of traditional clothing brands. As the first generation of national brands established during the early stages of China's reform and opening up, Bosideng has gradually declined from the industry leader at the outset to the bold marketing innovation in recent years, successfully completing the transformation in line with the times. Therefore, its transformation is of great reference value to many Chinese traditional clothing brands. This paper helps to analyze the consumption characteristics of consumers in the Z era in terms of clothing, and puts forward some suggestions on the reform and innovation of traditional brands by taking Bosideng's transformation as an example.

2. GENERATION Z CONSUMPTION BEHAVIOR

Based on the new Generation survey conducted by Pew Research Center, Generation Z or Zoomers (Gen Z for abbreviation) is individuals who were born between 1997 and 2012[1]. Generation Z basically occupies a large part, 19.42% specifically, of the world's population until 2021—nearly 1.52 billion—and it's still growing apace[2]. Plus, they had already shown their mind-blowing purchasing power in 2021 by contributing approximately 323 billion dollars alone to the U.S. and comprising 40% of the U.S. consumers[3]. The members of Gen Z have been considered the powerful driver of consumption and will continue to be the most promising consumers so analyzing Gen Z's consumption behavior is vital for companies and brands to win an edge in their own competitive lives.

2.1 Highly connected

One of the most prominent labels of Generation Z is digital native that namely, they were born in the stage of

rampant development of high-tech around the world, and Gen Z would even see the internet and social media as their playground. The data provided by Global Web Index has shown that Gen Z spends more than 8 hours online daily[4]. Given that characteristic, Gen Z has already developed their consumption behavior which is highly related to the Internet and social media.

Gen Z is the most likely generation to use social media to make transactions. Publicized by Criteo, the statistics indicate that more than 32% of transactions made by Gen Z use the Internet or go through some digital platforms[4].

Gen Z prefers active and constant interaction with companies or brands and values the efficiency of communication. They expect brands to be ready to interact with them 24/7 on their choices of channels and devices. The survey demonstrates that nearly 60% Gen Z want brands to pay enough attention to their views and give feedback in a short period of time, and 55% of Gen Zers hope they can choose what kind of ways they contact brands[5].

Gen Z likes to mimic others through social media and follow celebrities who will affect its fashion decisions. Generation Z, who grew up in the wave of entertainment, has a natural sense of closeness and a tendency to follow artists and stars. It is also the most dynamic group in the fan economy. A Campaign Monitor study points out that 33% of Gen Zers bought products after seeing them on social media or celebrities' posts[4].

2.2 Motivation: Emotion and Experience

Gen Z is no longer satisfied with the practical purposes. Consumption experience, which is technically the feeling and understanding individuals gain when they are purchasing products or enjoying service, with entertainment as the main content has rapidly become an important part of Gen Z consumption structure.

The avant-garde sense of fashion and exquisite sense of ritual is the favorite design styles of Gen Z. The "sense of ritual that can significantly improve the fun of consumption" ranks first among the product elements favored by Gen Z with a proportion of 40.67%[6]. For Gen Zers, the happiness and entertainment gained by consumption and the significance represented by consumption are higher than the functional utility of consumer goods themselves.

Value scene experience, perception experience, atmosphere experience and service experience. In the other words, they tend to shop in stores with ingenious decorations and brands' websites with a complete and user-friendly system. According to IBM, 62% of Gen Zers will quit using websites that need a long time to load or are too hard to operate[4].

2.3 Individualism and personality

Gen Z's consumption is sort of an indication of personality-identity. They are longing to express themselves and let their personality be noticed when they consume products. The product that fits their style really matters, while the brand itself isn't charming enough to attract Gen Z to be loyal to it without the novel and creative products.

Gen Zers always want to stand out rather than fit in. They like to mix and match to create a personal style and tend not to be loyal to particular brands for a long time. They will create their own unique shopping patterns and get ready to meet or look for the next attractive product.

Gen Zers are willing to show their personality in social interaction and also value the emphasis of their personality highlighted by products in consumption. 58% of them are prepared to pay more for especially personalized products that are tailored to their personality[7].

Generation Z is very keen on tribal consumption[6]. They are good at quickly discovering and making friends with people who have common interests, attitudes, hobbies and values, dividing their own circles, and showing strong purchasing power in the circles. Tribal consumption can quickly gain the trust of generation Z.

3. BOSIDENG'S TRANSFORMATION

Bosideng is a large traditional down jacket brand specializing in down jacket design, production, processing and sales in China. In its early stage, it was the leader of Chinese clothing brands; then it was hit by the emerging new brands accompanying with novel designs and multiple channels as well as utilization of technology which Bosideng lacked; finally, it adjusted its marketing strategies, conformed to the times, innovate boldly, and went back to the top even higher place of the Chinese clothing market.

In order to give more sense, a SWOT Model of Bosideng is created, and it analyzes the condition of Bosideng before it began to transform.

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| <p>Strength:</p> <ol style="list-style-type: none"> 1. Well-known brand with long running history. 2. Powerful management of supply chain. 3. High market share, and relatively loyal consumers. 4. Strong production capacity with the complete processing system. | <p>Weakness:</p> <ol style="list-style-type: none"> 1. Insufficient innovation. 2. large inventory pressure. 3. Severe product homogenization leads to fierce competition. 4. Sales Mainly rely on offline that causes regional sales networks overlap. |
| <p>Opportunity:</p> <ol style="list-style-type: none"> 1. China's State Council has put forward a development plan for the Internet economy. 2. Insufficient external demand, export is the breakthrough. 3. China's high-end down jacket market has more development space. | <p>Threat:</p> <ol style="list-style-type: none"> 1. More potential competitors. 2. International famous down jacket brands' impacts carve up the market. 3. Global warming increases the substitute goods and drags down the demand of down jacket. |

Figure 1 The SWOT Model of Bosideng

Regarding the weakness and threats posted above, the questions come to what kind of things Bosideng has done to transform successfully, and how it catches the opportunity and use its strength to facilitate its rebirth.

3.1 Be fashionable, viral and specialized

Being fashionable means putting more effort into the design of down jackets; being viral means creating more exposure and buzz among the public; being specialized means.

3.1.1 Focus on high-end down jackets

In 2017, Bosideng determined to return to the main business of down apparel, cutting most of the non-down apparel category. And in June 2018 to further clarify the "focus on the main channel, focus on the main brand, contraction of diversification" development strategy, focus on a down jacket, while high-end transformation, sniping Canada Goose and other foreign high-end down jacket brands[8]. In 2016 and 2017, Moncler, Canada Goose and other international high-end well-known brands (average price of 5000-8000 yuan) attracted many consumers to subscribe in the domestic market, enhancing consumer awareness of high-end down jacket prices[9]. In 2017, Bosideng opened the brand upgrade process after targeting the blank middle and high-end market (1000-5000 yuan), and the average price was raised to 2000-2500 yuan.

3.1.2 Cooperated with famous designers

In October 2018, the Bosideng brand joined hands with American designer Tim Coppens, Italian designer Ennio Capasa and French designer Antonin Tron to fully release an international designer co-branded series of products, which triggered a rush to purchase and was sold out within 5 minutes of its launch during the Shopping Festival[10]. And in 2019 and 2020, Bosideng also collaborated with the designer at Hermès, Jean Paul Gaultier, to push out the totally novel down jacket called "the JPGaultier X Bosideng"[11]. In 2021, the design team invited Russell, the former design director of Burberry, to participate in the research and development of a new type of down jacket. The product is a new category in the industry, for the first time the classic design of the traditional windbreaker and the warmth of the down jacket into one, directly hit the pain point of the traditional down jacket which is bloated wearing. Their design adds a lot of trendy elements to the down jacket and lets fashion become the second label of Bosideng besides the down jacket.

3.1.3 Fashion Week & Celebrities' endorsements

In September 2018, New York Fashion Week started as scheduled. And in the list of brands participating in this

fashion week, Bosideng was among them. Focusing on down jacket for 42 years, Bosideng has changed its low profile and started to enter the international fashion scene. In September 2019, Bosideng participated in Milan Fashion Week, in this fashion week, people saw the Oscar-winning actress Nicole Kidman wearing Bosideng, and saw the supermodel Kendall Jenner who walked for the first time for Chinese brands and led the opening show[12]. Bosideng strengthened the star endorsement that it invited Yang Mi (a well-known Chinese actress), international film stars Tom Hiddleston and Scarlett Johnson to endorse and promote[11]. The endorsements all over multiple social media inspire young people to imitate their ways of wearing, and help them make fashion decisions related to Bosideng. At the same time, Bosideng uses these ways to raise its impact and awareness overseas.

3.2 Channel Expansion

Offline full expansion of core shopping areas, mainstream channels, shopping centers, and fashion department stores, to make personalized customization; online to promote accurate membership management, pay attention to customer pulling new customers, strong off-store sales, to win the mainstream consumer choice of the times.

3.2.1 Online

Bosideng recruited a professional management team to manage the operation of online shops and cooperate with major online sales platforms. As of March 2021, Bosideng T-mall flagship store has more than 4.76 million registered members, with a year-on-year increase of more than 160%. The proportion of young freshmen under the age of 30 has increased steadily. The company continued to use WeChat to create a community-based supply scenario and to maintain and communicate with members[13]. The sales volume of the re-occupying members accounts for 26.9% of the total sales volume. In FY 2019/20, the Bosideng's online sales revenue was approximately RMB 2,345 million, representing a CAGR of 42.0% and nearly 20% of total revenue[10].

3.2.2 Offline

As of September 30, 2019, Bosideng brand had 3872 stores, a net increase of 429 compared with FY2017 / 2018. The store distribution is mainly concentrated in East China, while North China and Northeast China with relatively cold climates still have large market expansion space. This region is also the main store expansion direction of the company at present[14]. Comprehensive consumer portrait, historical sales and other dimensions, matching apparel style, size, color and other indicators, refined to each store, to provide automated, intelligent layouts. Allow consumers to find the uniqueness of each

store and enjoy different personalized services in each store. Now, in some offline stores of Bosideng, customers can try to customize their own down jacket according to their needs. In only 15 days, they can buy a personalized down jacket with "one centimeter shorter sleeve" and "a little bigger waist" at the original price of the tag.

3.3 Technology Construction & digitalization

Through the apparel intelligent manufacturing GiMS system, developed by Bosideng in 2019, the data collection, analysis, early warning and decision making of the whole process of production quality from raw material incoming to automatic cutting, parts sewing, automatic down filling, hanging assembly, automatic sorting to leaving the factory are realized, which not only improves the working efficiency but also effectively improves the product quality[15].

3.3.1 Build data middle platform

Consumer characteristics are divided into four customer attributes[16]: firstly, natural attributes of the population such as gender, age, and birthday. Secondly, product preference attributes such as size preference, color preference, etc. Thirdly, consumer behavior attributes such as consumption frequency and maximum unit price. Lastly, RFM attributes such as churn, loyalty, and value.

In this way, Bosideng has a better understanding of their customers and gains their loyalty by creating more active communication and valuing their attribution.

3.3.2 Efficient delivery

Bosideng has the most advanced intelligent distribution center in China's apparel industry. In this intelligent distribution center, handling, sorting, distribution, storage and counting are all done by robots, and the degree of automation is close to 90%. On last year's "Double Eleven" shopping festival day, the volume of shipments here exceeded 1.8 million pieces, and it took only 24 hours to send out these goods, a speed that ranked at the front of more than 5 million brands in the Tmall, the large online shopping platform in China[16].

3.3.3 Inventory and supply-chain management

Establishing real-time warning with insufficient quantity to guide order placement. With sales forecast and inventory management, give intelligent suggestions on order placement volume and priority. Synergize with the supply chain to build an automatic and rapid order placement mechanism, effectively avoiding massive under-stocking or over-stocking[17].

4. SUGGESTIONS

Based on the analysis of Gen Z's consumption behavior and preference and the quintessential example of Bosideng's transformation and rebirth, this paper gives other China traditional clothing brands some suggestions that help them to make a comeback.

4.1 Make products younger and trendy

Gen Z seeks avant-garde fashion and uniqueness, and are willing to buy items that match their style. And their buying mechanism is random and mobile, not stuck to one brand; they are loyal to the emotions brought by the product, not the brand itself. Looking at Bosideng's transformation, other traditional clothing brands can mimic its ways—participate in a myriad of activities related to fashion and invited many well-known designers as well as celebrities to collaborate. Such a bold innovation depending on brands' own particular business would attract the attention of young people and successfully shake off the common problem among them, namely obsolescence at the same time.

4.2 Online and Offline.

Gen Z prefers to shop in both well-established websites and stores as much as they can improve their shopping experience and trigger positive emotion. And Gen Z is a generation that is highly connected, indicating that they value the active interaction with brands as well as the emphasis on their opinions. Regarding Bosideng's strategies, it's instructive for other traditional apparel brands to set official brands' blogs, membership system, decorate their offline shops, train faculties as well as offer customized services to provide a better shopping experience.

4.3 Digitalization

Using technology fully is a key factor in success. Gen Z is literally digital native that they are so adaptable in digital environment and they enjoy being surrounded by Internet network and other high-tech that can make their lives easier. Other brands can apply and develop technology, intelligence systems, and data collection platforms in the hopes of impressing more Gen Z and solving one of their most serious problems, inventory backlog. These can establish technological leadership, predict the change in inventory, and gain a deep and helpful understanding of their consumers.

5. CONCLUSION

Above all, the analysis of Gen Z indicates their three key shopping features involving being highly connected, being motivated by emotion and experience and paying more attention to individualism and personality. Then,

this essay illustrates the methods and strategies that Bosideng uses to transform—mainly divided into three parts, being fashionable, channel expansion and digitalization. Finally, it gives three suggestions correspondingly: making products younger and viral, the revolution of both online and offline and technological innovation.

Regarding this paper's limitation, it only gives suggestions with specific conditions: running the similar business model as Bosideng, regarding Gen Z as target customers, having a stable capital foundation to support a series of transformations, and a long establishment time. Future research will focus on small traditional clothes brands, analyze their advantages and disadvantages, and give transformation suggestions accordingly.

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