

Influence of Market Segmentation on Fashion Products on Profitability Levels with Marketing Strategies Through Social Media and E-Commerce

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ABSTRACT

This research shows that market segmentation and marketing strategies through social media and e-commerce can increase the profitability of fashion products. According to BPS data for 2023, there is a significant increase in the purchase of fashion products in Indonesia. Based on the literature, this research discusses the concepts of market segmentation and marketing strategy. The approach through social media and e-commerce is one of the most effective ways to reach a wider target market and increase profitability. The results show a strong relationship between market segmentation, digital marketing strategy, and the profitability of fashion products. With fierce competition, changing trends, and expanding market reach, implementing these strategies is critical to the success of fashion companies in increasing sales and profitability. Players in the fashion industry anticipate this research to offer valuable insights for enhancing their marketing strategies.

Keywords: Market Segmentation, Marketing Strategy, Social Media, E-commerce, Profitability, Fashion Products.

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INTRODUCTION

In the era of globalization, there have been many changes and developments in various aspects of life. The increasing development of technology and information provides many advantages and challenges in various industries. The fashion industry, for example, is experiencing dynamic change. Growing public awareness of the importance of appearance drives this transformation. As a result, intense competition has emerged within this industry. In 2023, the Central Statistics Agency will record fashion product purchases. Clothing is the type of fashion product most commonly purchased by Indonesians, with a spending value of IDR 91.56 trillion. The value of apparel spending increased by 10.32% compared to 2022. Next, Indonesians spend IDR 27.25 trillion on footwear, the second most frequently purchased fashion product. Compared to 2022, the value of footwear spending increased by 9.72%. Next, there are fashion accessories, which are the third type of fashion product most purchased by Indonesians, with a spending value reaching IDR 12.19 trillion. Compared to 2022, the value of spending on fashion accessories increased by 10.72%. The data obtained is an indication that fashion products are still a sector that has many consumers in Indonesia. This shows that the fashion industry in Indonesia has enormous potential to continue to develop and improve.

Therefore, companies must conduct market and product analysis to identify the appropriate strategy for implementation [1]. In the digital era, marketing fashion products is a marketing strategy that has undergone a significant transformation. In this context, market segmentation is the main strategy for determining the right target market for fashion products [2]. Market segmentation is the process of dividing a market into groups of consumers who have the same needs, wants, or characteristics. Thus, companies can design and implement more effective and efficient marketing strategies. Market segmentation is important for companies because it helps with resource allocation. Second, segmentation is the basis for determining components in a market strategy. Segmentation, accompanied by target market selection, will provide a reference and basis for determining positioning. Third, segmentation is an important factor in winning competition because consumers are always heterogeneous, so companies need to group the market into various market segments.

Encouraged by increasingly widespread digitalization and modernization, the level of competition in the fashion industry is increasing. Social media and e-commerce have become the primary platforms for marketing fashion products [3]. E-commerce and social media open new opportunities for marketing fashion products. Platforms like these provide companies with the opportunity to reach consumers in different market segments more effectively through their wide reach and relatively low costs. However, the main challenge is how to utilize consumer data to make the right marketing decisions and increase profitability [4]. This research aims to examine the influence of market segmentation for fashion products on the level of profitability of marketing via social media and e-commerce. Market segmentation for fashion products can take into account various factors like demographics, lifestyle, and consumer behavior, among others. By understanding consumer characteristics and preferences, companies can adjust their marketing strategies to reach the right audience and increase sales. This research will explore the extent to which the application of market segmentation strategies to fashion products can influence marketing success via social media and e-commerce, as well as the implications for the company's level of profitability. We hope that the research findings will offer valuable insights for fashion industry marketers, guide their decision-making, and stimulate further research in this field.

LITERATURE REVIEW

Market segmentation is a process that divides customers or potential customers in the market into different groups or segments [5]. The psychographic approach groups markets based on psychological factors and consumer lifestyles, such as segmenting women's fashion based on purchasing motives and shopping lifestyles. The demographic approach groups market segments based on demographic characteristics such as age, gender, income, and education; for example, fashion products for teenagers, young adults, or career women. The geographic approach divides markets according to specific geographic locations, such as countries, regions, or cities, with fashion products catering to markets in mountainous or coastal areas. The product and service approach to market segmentation focuses on the category of product or service offered or the type of technology used, such as the different types of customers who purchase or use the same product or service in the market.

A company can increase its profitability by increasing sales, reducing costs, and investing in more profitable assets [6]. A marketing strategy is a long-term plan to guide human resources based on the company's internal strengths and changes occurring in the external environment, with the aim of increasing competitiveness, achieving company goals, and reaching market success. Social media is a digital innovation that allows individuals to connect, connect, and share information. As stated by Howard Rheingold (2012), social media is a technology that allows people to share, communicate, and work together to build information, ideas, and mutual understanding. E-commerce creates a digital marketplace where millions of people can exchange information directly, instantly, and globally over the internet, changing the way companies do business and expanding their global reach [7].

METHODOLOGY

Previous literature on marketing strategy, market segmentation, profitability, social media, and e-commerce, including books, journal articles, online articles, and other related writings, serves as the primary source of data. According to Sugiyono, the library study method is a technique for collecting data from various library sources in the form of books, articles, journals, and research reports. Meanwhile, Sekaran stated that this method uses references or written sources as data sources and does not involve collecting primary data. This study employs content analysis and descriptive analysis as analytical methods. This research primarily draws from previous scientific papers that closely address the topics of marketing strategy, market segmentation, profitability, social media, and e-commerce. Books, journal articles, internet articles, and other relevant writings serve as the primary sources for this research. According to SSugiono, library research is defined as the process of gathering data from a variety of library sources, including books, articles, journals, and research. Meanwhile, Sekaran explained that the library research method uses literature or written sources as a data source and does not require collecting primary data. The author's research analysis methods are content analysis and descriptive analysis[8].

RESULTS AND DISCUSSION

Market segmentation and marketing strategies through social media and e-commerce closely relate to the profitability of fashion products, according to the research results. The fashion industry is characterized by intense competition, where many brands and companies compete for consumers' attention. An effective marketing strategy is the key to differentiating fashion products from competitors while attracting the attention of potential consumers. Additionally, consumer trends and preferences in the fashion industry tend to change rapidly. This necessitates that fashion companies remain relevant to the latest trends while satisfying consumer needs and desires. Responsiveness in adapting product offerings and marketing strategies is important to maintain competitiveness and profitability in a dynamic market. Effective marketing strategies can also increase brand awareness of fashion products. High brand awareness tends to make consumers prefer products from that brand, which ultimately impacts sales and company profitability. Companies can also increase consumer engagement through marketing strategies such as social media and e-commerce. This high level of involvement can increase consumer loyalty and influence their purchasing decisions.

Furthermore, effective marketing strategies also enable fashion companies to expand their market reach. By utilizing social media and e-commerce, companies can reach consumers in various geographic locations, even globally. In the highly competitive fashion industry, expanding this market reach certainly contributes to increasing sales and company profitability.

By implementing the right marketing strategies, fashion product companies can increase their visibility, attractiveness, and profitability in a competitive market. This strategy includes market segmentation, which plays an important role in understanding consumer needs and preferences in more depth. Through market segmentation, companies can map diversity in consumer needs and preferences, allowing for more effective product, price, promotion, and distribution adjustments to each segment.

Market segmentation allows companies to design strategies that are more responsive and relevant to dynamic consumer needs. This helps companies differentiate themselves from competitors, attract the attention of potential consumers, and maintain their competitiveness and profitability in a highly competitive market. The reasons why market segmentation is essential in marketing strategy include:

- 1) Enables a deeper understanding of diverse consumer needs, preferences, and behaviors.
- 2) Enables determining the optimal target market, increasing the effectiveness of marketing campaigns, and achieving satisfactory results.
- 3) Create a product identity that is unique and different from competitors.
- 4) Enables marketing message personalization and better consumer engagement.
- 5) Increase efficiency in marketing resource allocation, reduce unnecessary costs, and increase profitability.

Through social media and e-commerce, companies can reach wider and more segmented market segments and interact directly with consumers to better understand their needs and desires [8]. Thus, fashion companies can create marketing campaigns that are more relevant and attractive to consumers, which can ultimately increase the profitability of their fashion products. Placing the right market segmentation can help fashion companies adapt their products to the needs and preferences of different consumers. This can increase sales, which in turn affects the company's profitability. Apart from that, appropriate market segmentation can also help fashion companies manage inventory more efficiently, thereby minimizing the risk of overstocking or understocking, which can affect company profitability [9]. Thus, market segmentation can encourage fashion companies to achieve increased sales and higher profitability.

Social media and e-commerce marketing strategies can increase the profitability of fashion products in a variety of ways. First, social media marketing activities can increase customer equity, create greater engagement, and expand global market reach. Second, e-commerce allows fashion companies to reach broader and more focused market segments. Therefore, for the following reasons, merchants should sell their products on e-commerce platforms and create content on social media:

- 1) Gain access to a larger market, E-commerce allows merchants to reach consumers in various geographic locations. By having an online store, merchants can sell their products to consumers all over the world without the geographic restrictions that exist in brick-and-mortar businesses. This opens up opportunities to increase sales and reach a wider market.
- 2) The potential for increased sales, By selling products on e-commerce, traders can reach more consumers and increase their sales potential. E-commerce also allows merchants to optimize the sales process with features such as online shopping carts, electronic payments, and efficient shipping. This can increase consumer comfort and satisfaction, which in turn can increase sales conversion rates.
- 3) Greater consumer engagement, Social media is a popular and effective platform for interacting with consumers. By creating content on social media, merchants can build closer relationships with consumers, share information about products, collect feedback, and answer questions or problems that may arise. This can increase consumer engagement, build trust, and influence purchasing decisions.
- 4) Increase brand awareness, E-commerce and social media can help merchants increase their brand awareness. By having a strong online presence and being active on social media, merchants can expand their brand reach and attract the attention of potential consumers. Interesting and relevant content on social media can also help build a positive brand image and differentiate merchants from competitors.

In addition, the use of the internet and online channels is considered a powerful tool in the internationalization process, which can reduce the risk of counterfeit products, especially in the high-end fashion segment. Therefore, marketing strategies through social media and e-commerce can help increase the profitability of fashion products by creating greater consumer engagement and expanding market reach globally. By selling products on e-commerce, merchants can enhance the profitability of their fashion products as it enables them to reach consumers across various geographic locations, bypassing the geographic limitations inherent in brick-and-mortar businesses. E-commerce also makes it easier for merchants to optimize the sales process with features such as online shopping carts, electronic payments, and efficient shipping, thereby increasing consumer comfort and satisfaction, which ultimately can increase sales conversion rates. Additionally, e-commerce allows merchants to expand their brands' reach and attract the attention of potential consumers, which can increase brand awareness and influence purchasing decisions.

CONCLUSION

From the results of the analysis and discussion, it can be concluded that the interrelated relationship between market segmentation, marketing strategies via social media, and e-commerce has an important role in increasing the profitability of fashion products. The highly competitive fashion industry requires effective marketing strategies to differentiate products from competitors, keep up with changing trends and consumer preferences, increase brand awareness, engage consumers, and expand market share. Market segmentation is considered a crucial element in marketing strategy as it provides deep insight into the needs and preferences of diverse consumers. By dividing the market into more detailed segments, companies can adjust marketing variables such as product, price, promotion, and distribution more effectively, according to the needs of each segment. The significance of this customization process lies in its ability to create products and marketing strategies that better suit consumer needs, increase product appeal, and build customer loyalty. This approach provides a strong foundation for a deeper understanding of market dynamics. On the other hand, marketing strategies through social media and e-commerce provide significant advantages in accessing a wider market, increasing sales, creating deeper interactions with consumers, and increasing brand awareness. With e-commerce, companies can expand product sales to consumers in various geographic areas without the constraints of physical boundaries. Meanwhile, through social media, there are opportunities to build closer interactions with consumers, foster relationships and influence purchasing decisions. By combining proper market segmentation with marketing strategies through social media and e-commerce, fashion companies can increase the visibility, appeal, and profitability of their products in a competitive market. Market segmentation also helps companies manage inventory more efficiently, reducing the risk of overstocking or shortages that can affect profitability. Therefore, implementing this strategy is considered very important to achieve increased sales and higher profitability.

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