

Customer Preferences: Exploring the Synergistic Effects of Market Segmentation and Product Differentiation

Mingrui Li ^{1,a,*}

¹*Department of Statistics, The University of Warwick, Coventry, CV4 7AL, United Kingdom
a. mingrui.li.1@warwick.ac.uk*

**corresponding author*

Abstract: Fast fashion brands and sustainable fashion play different roles in today's fashion market. While fast fashion brands are favored by a wide range of consumers for their quick responsiveness, fashion following, and affordable prices, sustainable fashion brands focus on environmental friendliness, social responsibility, and transparency. In this paper, we will explore the differences between these two types of fashion brands by comparing them in terms of market segmentation and product differentiation. Through a case study approach, the paper will delve into the strategies and practices of several brands to reveal how they differ in terms of market segmentation and product differentiation. This will help to better understand the business models, strengths, weaknesses, and risks faced by fast fashion and sustainable fashion, as well as their roles in meeting different consumer needs and setting fashion trends. Through such a comparative analysis, companies can better recognize the characteristics and trends of fast fashion and sustainable fashion and thus make informed choices in the fashion market.

Keywords: market segmentation, product differentiation, consumer behavior

1. Introduction

In today's rapidly evolving world, the fashion industry has witnessed the emergence of two prominent trends - fast fashion and sustainable fashion. Fast fashion brands have revolutionized the industry by prioritizing the rapid production and distribution of fashion styles at affordable prices, while sustainable fashion brands have taken a different approach, emphasizing ethical production practices and the use of environmentally friendly materials. As these two approaches continue to gain traction, understanding their divergent strategies and characteristics becomes imperative. This paper aims to compare and contrast fast fashion and sustainable fashion, with a particular focus on market segmentation and product differentiation. Through the examination of case studies and empirical research, this essay will delve into the unique strategies employed by fast fashion and sustainable fashion brands, shedding light on their distinctive features and consumer appeal.

Market segmentation, as a fundamental aspect of marketing strategy, plays a crucial role in understanding consumer behavior and tailoring products to specific target groups. This essay will investigate how fast fashion and sustainable fashion brands employ market segmentation techniques to effectively reach and cater to different consumer segments. By analyzing the demographic, psychographic, and behavioral factors considered in market segmentation, we can gain valuable

insights into the preferences, motivations, and aspirations of consumers who align with either the fast fashion or sustainable fashion paradigm.

Furthermore, product differentiation serves as a key element in distinguishing between fast fashion and sustainable fashion. Product differentiation refers to the unique features, attributes, and value propositions that set a brand apart from its competitors. This essay will delve into the various ways in which fast fashion and sustainable fashion brands differentiate their products to cater to their respective target markets. By examining factors such as design aesthetics, quality, price points, sustainability practices, and supply chain transparency, we can gain a comprehensive understanding of the strategies employed by these brands to establish their distinctive identities in the fashion landscape.

This paper seeks to shed light on the contrasting approaches of fast fashion and sustainable fashion, with a specific focus on market segmentation and product differentiation. By exploring these key dimensions, we aim to contribute to the existing literature on consumer behavior and provide insights for fashion businesses and marketers seeking to navigate the evolving fashion landscape effectively. Understanding the preferences, motivations, and expectations of consumers within these fashion segments is vital for developing sustainable and profitable business models in the ever-changing fashion industry.

2. Theoretical Framework

The theoretical basis of this essay is market segmentation and product differentiation. Market segmentation is dividing an entire market into different segments or target markets, classified according to differences in consumer characteristics, behavioral patterns, and geographic or psychological features [1]. Through market segmentation, companies are able better to understand the needs and preferences of different consumer groups, so that they can target their marketing activities. Product differentiation refers to the innovation of differentiation in product design, function, quality, and service so that a company's products have unique features and advantages in the market compared with those of its competitors [2]. Through product differentiation, companies can distinguish themselves from their competitors, attract consumers' attention and build brand recognition and competitive advantage.

There is a close relationship between market segmentation and product differentiation. Specifically, market segmentation provides the guidance and foundation for product differentiation. By segmenting markets, companies are able to better understand the needs and preferences of consumers in different market segments and thus develop and design products to meet the needs of these market segments in a targeted manner [3]. At the same time, market segmentation can also help companies to determine the size and potential of their target markets and provide a basis for product differentiation and market positioning. On the other hand, product differentiation can also influence the choice and implementation of market segments. Through product differentiation and innovation, companies can offer unique product values and advantages in specific market segments to attract and retain target consumer groups [3]. Product differentiation can also help companies to build brand loyalty and competitive barriers within a market segment, enabling them to gain a more sustainable competitive advantage in the marketplace.

3. Case: Fast Fashion vs. Sustainable Fashion

Fast fashion is characterized by rapid response to trends, a large number of new products, and low-price points [4]. These brands usually use cheap materials and labor and have relatively low production costs. The products are designed to emulate high-end fashion brands and current trends and are fashionable and seasonal. However, fast fashion products are usually lower in terms of quality

and durability [5]. Sustainable fashion focuses on eco-friendliness, social responsibility, and environmental sustainability [4]. They use sustainable materials such as organic cotton, recycled fibers, and recycled materials in their product design and production processes. Sustainable fashion brands focus on the quality and durability of their products, encouraging consumers to purchase high-quality, long-lasting clothing and accessories [6]. Product designs often emphasize classic, minimalist styles that seek long-term fashion and multiple-wear sustainability [4]. Fast Fashion and Sustainable Fashion are therefore two distinctly different fashion concepts, with clear differences in product differentiation and market segmentation. Fast Fashion brands are aimed at young consumers who are looking for trendy, affordable products. They focus on quick access to current trends in clothing and accessories, emphasizing frequent product updates and fast fashion turnaround. The market segment for fast fashion brands is focused on young people and fashion followers who are price sensitive and seek variety and fashion ability [5].

This essay compares sustainable fashion and fast fashion companies using Everlane and SHEIN, an American brand loved by consumers for its transparency and sustainable business model. With a focus on the manufacturing process and material selection, the brand is committed to providing high-quality, durable fashion products and is open about product costs and manufacturers. SHEIN is a fast fashion cross-border e-commerce company established in Nanjing in 2008. This business focuses on the overseas women's fashion market and now operates in over 220 countries worldwide. Everlane's business model focuses on transparency and sustainable operations. The brand is committed to providing high-quality, long-lasting fashion products and is open about the cost and manufacturers of its products. They have established a direct supply chain, work with factories and ensure that the production environment meets sustainable standards. In contrast, SHEIN's business model is focused on fast fashion and cross-border e-commerce. They have attracted a sea of consumers by quickly tracking fashion trends, launching a large number of new styles quickly, and offering competitive prices [7].

Everlane's strength lies in its value proposition which focuses on sustainability and transparency. Their high quality, durable products, and open information on costs and production have earned the trust of consumers. Everlane also emphasizes concern for workers' rights and environmental protection, which is in line with the growing consumer demand for sustainable fashion. SHEIN's strength lies in its fast fashion business model and global market penetration. They have quickly attracted a large number of consumers by tracking fashion trends quickly, offering a wide range of new styles and competitive prices [7]. Their cross-border e-commerce model has enabled them to expand their business globally and gain more market share. Everlane's disadvantage may lie in the relatively high pricing of its high-quality products, which may not be affordable for some consumers compared to fast fashion brands. In addition, their emphasis on transparency may also cause some consumers to question their sustainable business model. The disadvantage of SHEIN lies in some of the problems associated with their fast fashion model. The rapid introduction of a large number of new styles may lead to over-consumption and waste, while there may be sacrifices in terms of product quality and longevity [7]. In addition, there may be a lack of transparency in their supply chain and production environment, which may raise consumer concerns about product quality and sustainability.

Everlane faces the risk of increased competition in the market, especially from other sustainable fashion brands. With the rise of sustainable fashion, more and more brands are focusing on sustainability and launching products and strategies accordingly. Everlane needs to maintain its uniqueness and sustainable leadership position to cope with the competition. SHEIN faces the risk of dealing with sustainability and environmental responsibility while maintaining a fast fashion model. With the rise of sustainable fashion and increased consumer concern for the environment, SHEIN may face public skepticism about its supply chain and production environment. They need to consider how they can maintain the advantages of fast fashion while adopting sustainable practices to reduce

their environmental impact. In summary, Everlane focuses on sustainability and transparency and is positioned in the sustainable fashion market with an emphasis on high-quality and transparent product manufacturing processes. SHEIN focuses on the fast fashion and cross-border e-commerce sectors, attracting consumers by tracking fashion trends, launching a large number of new styles, and offering competitive prices. The two are distinctly different in terms of business models, strengths, weaknesses, and risks, representing two very different market segments, fast fashion and sustainable fashion.

4. Case: Chanel vs. Glossier

Chanel is renowned for its simplicity, elegance, and exclusivity as a luxury brand. The brand's product line includes fragrances, cosmetics, skincare, and handbags [8]. Chanel focuses on a traditional sense of luxury and sophisticated design, seeking high-quality ingredients and classic colors. In contrast, Glossier is a beauty and skincare brand that is rapidly gaining popularity on the internet. Glossier's product line includes skincare, beauty, body care, and fragrance. It focuses on eco-friendly, modern, and stylishly simple packaging styles and showcases the sharing ability of its products on social media [9].

Chanel and Glossier demonstrate clear product differentiation. Positioned in the market as a symbol of high-end, classic, and fashion, Chanel's products appeal to female consumers who seek elegance and sophistication. Chanel focuses on a traditional sense of luxury and refined craftsmanship in its product design, seeking high-quality ingredients and classic colors. Its cosmetics and skincare products are characterized by classic shades and textures, with an emphasis on fine craftsmanship and long-lasting results [8]. Chanel's cosmetics and skincare products are characterized by classic shades and textures. The brand focuses on the fine craftsmanship and long-lasting effects of its products, seeking to keep consumers looking beautiful and glamorous for a long time after using them. Chanel's fragrances are also known for their unique perfume formulations, which showcase rich, complex scents that convey a sense of luxury. The brand has its own boutiques and counters worldwide, and these physical shops are usually located in upmarket shopping centers or prestigious shopping streets. Chanel's products are sold in these exclusive shops and high-end department stores, ensuring the brand image of its products and the high-end positioning of its distribution channels by establishing partnerships with top retailers [8]. In addition, Chanel also offers online sales on its website to provide consumers with a convenient shopping experience.

Glossier, on the other hand, is a fast-growing beauty and skincare brand that uses the internet as a channel to focus on natural, lightweight products with a modern, minimalist packaging design and a personalized beauty experience. Its products are characterized by their lightness and naturalness and are suitable for young consumers who are looking for a personalized and natural look [9]. With a strong presence on social media, Glossier uses carefully curated campaigns and user-generated content to attract young consumers to its products. The brand's online sales model makes it easy for consumers to browse and purchase products and provides a direct channel for interaction and feedback to build a closer relationship with consumers.

In short, Chanel differentiates its products with a focus on luxury, classic and long-lasting results, high quality, and unique design. Glossier, on the other hand, focuses on a "no-makeup" and natural look, with an emphasis on lightness and a modern, minimalist packaging style [9]. It also uses social media to promote its products and engage with younger consumers. These differentiating features give each brand a unique positioning and consumer segment in the market. For a luxury brand such as Chanel, the COVID-19 outbreak posed some challenges to its sales and operations. Many physical shops had to close or limit their opening hours due to the epidemic restrictions and embargo measures, which led to damage to physical sales channels. In addition, the stagnation of tourism has also affected Chanel's sales in tourist hotspots such as airport duty-free shops. For brands like Glossier, which rely on internet channels, the impact of COVID-19 is likely to be relatively minor. Indeed, home

quarantine and social restrictions during the outbreak may have led to more people shopping online [9]. Glossier's ability to sell online and promote itself on social media, as a brand that is rapidly gaining popularity on the internet, gave it the flexibility to respond to the challenges posed by the outbreak.

5. Case: H&M vs. Patagonia

H&M is a typical fast fashion brand, known for mass-producing fashion products at low prices [10]. They are quick to follow trends and introduce a variety of new styles at prices that appeal to younger consumers. However, H&M has faced criticism in terms of sustainability, as their production model and supply chain may involve environmental and labor rights issues. H&M caters to young, fashion followers and price-sensitive consumers. They have a wide range of product lines including men's, women's, children's, and accessories. H&M's market segment is focused on consumers looking for fashion, variety, and affordability. They appeal to young and trend-savvy consumers through frequent product updates and low-price points. Thus, H&M's product differentiation is mainly in terms of fashion ability, diversity, and price. They keep up with fashion trends, introducing a large number of new styles and offering a wide range of styles and options. H&M's product designs are inspired by high-end fashion brands, seeking a sense of style and seasonality. In addition, H&M is known for its low price point, offering affordable fashion products to meet the needs of younger consumers.

In contrast, Patagonia is a sustainable fashion brand that focuses on outdoor sports and casual clothing. They focus on environmental protection, sustainability, and social responsibility, using organic cotton and recycled materials in their product design and production [10]. Patagonia's products focus on quality and durability, encouraging consumers to buy small but high-quality garments to reduce resource consumption and waste. Patagonia's market segment focuses on those who are concerned about environmental protection, sustainability, and outdoor sports. consumers. Their products are positioned for quality, durability, and functionality, appealing to consumers who value quality and value. Patagonia's product differentiation is focused on sustainability, quality, and functionality. They focus on using sustainable materials such as organic cotton, recycled fibers, and recycled materials to reduce their impact on the environment. Patagonia's products focus on quality and durability and are designed with the needs of the outdoors in mind, offering high-quality functional clothing and equipment (Poddar, 2021). In addition, Patagonia encourages consumers to extend the life of its products and reduce waste through recycling and restoration programmes.

In summary, there are clear differences between H&M and Patagonia in terms of market segmentation and product differentiation; H&M focuses on young fashion followers, with a focus on fashion and affordability. Patagonia, on the other hand, focuses on the outdoor consumer who is concerned about the environment and sustainability, with a focus on quality, functionality, and sustainability. H&M and Patagonia are able to attract and serve different types of consumers due to their different market segments and differentiating characteristics. H&M appeals to young fashion-conscious and affordable consumers through its fashionable, diverse, and affordable products. Patagonia, on the other hand, appeals to outdoor enthusiasts who focus on environmental sustainability, product quality, and functionality. This different positioning and consumer appeal has allowed the two brands to co-exist in the market and each builds a certain market share and loyal consumer base.

Market segmentation provides companies with guidelines on how to position and design their products, and H&M and Patagonia have identified their target consumers during the segmentation phase, namely young fashion followers and those concerned with environmental protection and outdoor sports. This provided the direction for their subsequent product development and differentiation. Product differentiation meets market segmentation needs by differentiating their products, companies are able to differentiate themselves from their competitors in the market and

meet the needs of specific consumer groups. Patagonia, on the other hand, focuses on providing high-quality, durable, and eco-friendly outdoor products to meet the needs of consumers who are concerned about the environment and outdoor sports. Product differentiation has allowed both brands to establish a competitive advantage in their respective market segments. In addition, there is a reciprocal relationship between market segmentation and product differentiation. Market segmentation identifies the needs of a target group of consumers, while product differentiation is the means to meet these needs. However, the success of product differentiation can also further influence the decision to segment the market. When a company attracts a specific group of consumers through a successful product differentiation strategy, this market segment may also be expanded or adjusted as a result.

6. Conclusion

Market segmentation and product differentiation are key factors in the success of the two different types of fashion brands, fast fashion, and sustainable fashion, in a highly competitive market. Fast fashion brands focus on tracking fashion trends quickly, launching a large number of new styles quickly, and offering competitive prices. Their market segmentation is focused on fashion-conscious, price-sensitive consumers who are looking for a wide range of choices. Product differentiation is mainly reflected in the fast fashion brands' ability to react quickly, the pursuit of fashion trends, and the introduction of a large number of styles, as well as an affordable pricing strategy. However, fast fashion also faces issues of over-consumption, product quality, and sustainability, as well as challenges to supply chain transparency.

Sustainable fashion brands focus on environmental protection, social responsibility, and transparency, and are committed to providing high-quality, long-lasting fashion products. Their market segmentation is focused on a consumer segment that is sustainability-conscious and concerned about product quality and provenance. Product differentiation is mainly reflected in sustainable fashion brands' focus on material selection, production processes, and workers' rights, as well as environmentally friendly product design and promotion. They emphasize a transparent supply chain and communication with consumers to build trust and brand loyalty.

The market segmentation and product differentiation between fast fashion and sustainable fashion have given the two types of brands different positioning in the market and the ability to appeal to different types of consumers. Changing consumer needs and values have driven the rise of sustainable fashion and prompted fast fashion brands to adopt more sustainable practices. In a competitive market environment, a brand's success depends on the accuracy of its market segmentation, the innovation of its product differentiation, and its sensitivity to consumer needs. At the same time, brands also need to recognize the interrelationship between market segmentation and product differentiation in order to find their unique positioning in the market and achieve sustainable growth.

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