



BEING
IS NAKED
THE #1
MOST
SUSTAINABLE
OPTION
WERE #2

REFORMATION: THE ECO-LINE EXPANSION TO SHANGHAI

NOV 2020 // PREPARED BY MATILDA JARVIS, ISABELLE RESTREPO, ISABELLA RANGEL AND GAURAV GARG

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Meet The Team



BORN ON: MAY 1ST
HOMETOWN: LONDON, UK

Matilda Jarvis



BORN ON: APRIL 6TH
HOMETOWN: BAY AREA, CA

Isabelle Restrepo



BORN ON: DECEMBER 5TH
HOMETOWN: BAY AREA, CA

Isabella Rangel



BORN ON: MARCH 9TH
HOMETOWN: MONROE, NJ

Gaurav Garg

COMPANY SUMMARY

Reformation is a sustainable clothing brand made for the cool lady, founded in LA in 2009. All of its pieces are designed to fit "It Girl" trends. As a result, they are made of the best quality fabrics, in the most trendy ways. However, its sustainable competitive advantage is the ethical standpoint- all of the pieces are either repurposed and ethically sourced. Essentially, it aims to be sexy, smart and sustainable.





EXECUTIVE SUMMARY

Traditional fashion is no longer a viable option. Around the globe, awareness around sweatshops and environmental degradation is heightening. Consumers are yearning for sustainable alternatives for the clothes they love. This has been conducive for firms like Reformation, whose eco-line has already managed to break through the oversaturated fashion industry in the US. Though this eco-obsession has not yet found its way across the pond to the Asian continent, there is clearly a blossoming need for sustainable fashion brands.

This is where Reformation's eco-line comes in. Shanghai is bursting with a new middle class who is able and willing to spend more for a sustainable fashion alternative. Being located near sweatshops and experiencing the environmental repercussions first-hand means there is a target market who is actively seeking an eco-fashion brand. Furthermore, with COVID-19 plaguing the world, consumers are utilising online platforms more than ever. Reformation, widely considered the new "cool girl chic" and backed by key players in the social media world and civil activism arena, has the reputation and expertise needed to dominate this burgeoning market in Shanghai.

EXPAND THE
ECOLINE

This marketing campaign outlines our digital marketing and sales promotion (event sponsorship and sweepstakes) based strategy to enter the Shanghai eco-fashion industry. Through these attempts, we aim to expand our line to the Asian continent, increasing our brand awareness internationally and providing a much-needed sustainable fashion alternative.



Carbon is canceled

RATIONALE

Reformation is a socially-minded company. Ultimately, the company's aim is to help consumers find a **luxury quality sustainable alternative** to help save the environment. The environment is being adversely affected in all countries. It is a completely global issue, which has no boundaries. As a brand, the ultimate goal is to provide Chinese shoppers with sustainable options in their local areas.

Reformation would also benefit from responding to climate change on the Asian continent. Not only would it be acknowledging the globality of climate change - and specifically the adverse environmental effects in China- but **gaining international awareness**. Ultimately, climate change is not isolated to LA, and Reformation should expand to China to respond to this global issue.

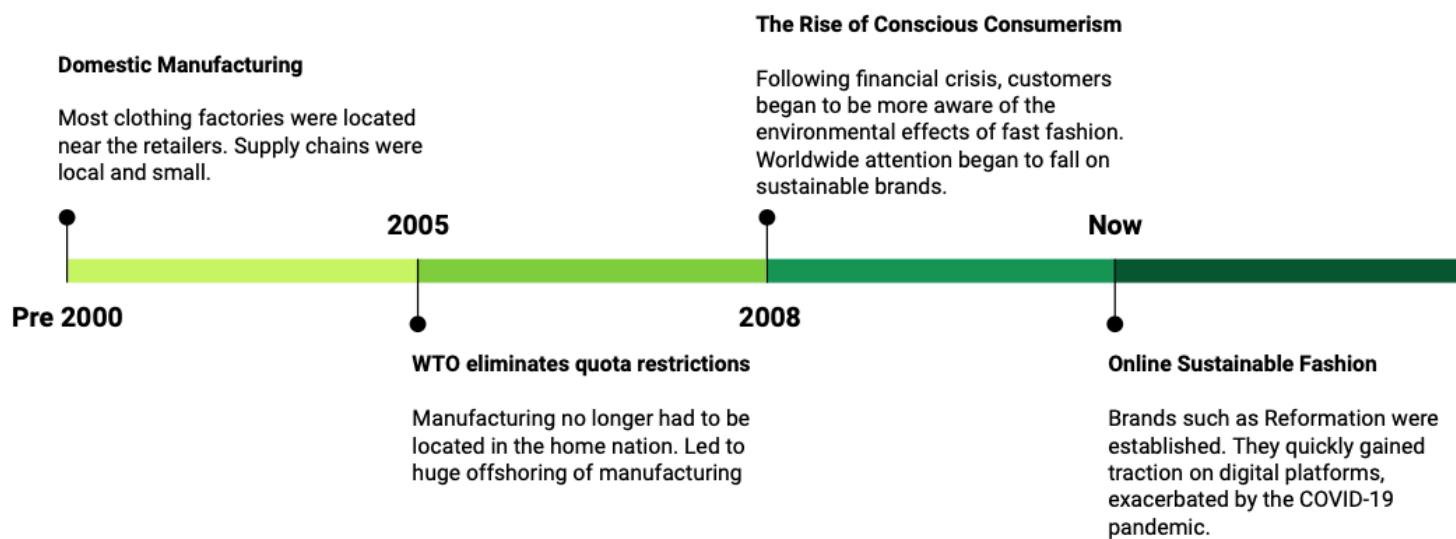
Furthermore, during the global COVID-19 pandemic, there has been a significant increase in **online shopping**. Before the pandemic, 56% of Chinese consumers already clothes shopped online [1]. Taking advantage of the 20.1% increase in online shopping revenue that is expected because of the global pandemic of COVID-19 would be very profitable.

The ultimate objective of this expansion is to reach the Chinese market with a focal point in Shanghai. This would not only further our goal as a social enterprise, but would be profitable for the firm in the long term.

SITUATIONAL ANALYSIS

HISTORICAL CONTEXT

Sustainable fashion is now a 43 trillion Yuan industry [2] - but how did it get there?

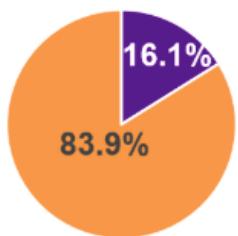


This movement to sustainability has not yet occurred in China. This largely attributed to the Communist state, that enacted strict control on Western media. So, whilst consumers in the US began to become more aware of the environment through social media, China remained sheltered to these social justice issues. This is no longer the case.

INDUSTRY ANALYSIS

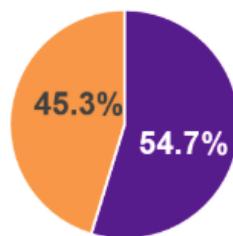
As of 2020, the online sustainable fashion industry is expected to grow to 3.6 billion dollars by 2025. Furthermore, it is becoming a prominent player in the e-commerce market as a whole, with Forbes reporting that sustainably-sourced clothing made up 56% of total market share growth in the past 5 years [2].

**\$ Share of Market
(2019)**



- Sustainability-marketed products
- Conventionally-marketed products

**\$ Share of Market Growth
(2015-2019)**



- Sustainability-marketed products
- Conventionally-marketed products

The sustainable fashion industry initially grew in popularity in North America and Europe. Though Reformation is considered infantile in online fashion, its eco-line is arguably one of the most well-established product lines in the Northern Hemisphere.

Reformation is at the forefront of this industry, turning over \$180 million in revenue annually. In the US, it has two main competitors- Revolve (\$154 million) and Everlane (\$40 million) [3]. However, in Shanghai, there are 0 competitors- the concept of sustainable clothing has not yet become popularized due to stringent Communist rule until the late 1980s.

COMPETITOR ANALYSIS

Strengths

Undoubtedly, Reformation's main strength is its hybrid presence in both brick-and-mortar and online sites. Compared to Everlane and Revolve, its 7 physical stores differentiates it in the industry [4].

Furthermore, it caters for a niche market; the Hollywood cool girl crowd. In other words, it provides luxury quality clothing that fits with the vintage trend- what China is looking for. Coupled with celebrity endorsement from Meghan Markle and the Hadid sisters, this should endure through the infamously fast fashion cycles.

Opportunities

Firstly, there is a rising middle class (550 million in Shanghai alone) [5]. These are consumers who are willing and able to pay higher costs for better quality and ethically sourced clothes. They also tend to be more progressive and take an active role in preserving the environment.

Secondly, there is the added opportunity to guilt-trip the target segment. The sustainable element of the line may pull ahead of other massive retailers (like AliBaba), because they exploit the local environment and citizens close to the potential consumer.

Weaknesses

The flipped side of this niche market is that Reformation tends to be focused on young women (3/4 of its collection). In a society where men are the main breadwinners, this may be problematic as women are less autonomous and able to buy clothes.

The eco-line also costs 2-3x more than traditional clothing because of the sourced fabrics and supply chain monitoring. This is not unique to Reformation, however, so is not a threat until another sustainable fashion brand discovers a way to lower production costs, and thus outcompete the eco-line.

Threats

In the USA, this market is mature with competitors such as Everlane and Revolve. Although the Chinese market hasn't yet been touched, the low barriers of entry could mean quick saturation of the market.

Over 76% of China's retailers are brick-and-mortar [6]. This will make it hard to establish a successful physical store presence.

Externally, China is expected to set regulations for online shopping [7]. There are also threats presented if the US-China trade war continues.



CONSUMER ANALYSIS

The typical consumer in sustainable ecommerce is Gen Z or millennial. These generations are more inclined to pay a premium for a product that comes from a **sustainable brand**. Cone Communications' 2017 CSR report described that 80% of US-based consumers will support social enterprise by purchasing products, not just expressing support [8].

Furthermore, the use of reworked fabrics synergistically accompanies the **vintage trend** of today. This appeals to younger consumers, who are looking for vintage and nature-focused aesthetic.

The typical Reformation consumer is a **young woman** between the ages of 15-30. This is because this age group tends to be more progressive, so cares more about the sustainable aspect. Moreover, the fashion style caters towards youthful trends, and the influencer-sponsorship appeals to younger generations.

The Reformation consumer also cares about cultural or environmental twists to the clothing they are wearing. Gen Z and Millennials are extremely rooted in **social justice** issues. It is imperative that Reformation recognises this.





TARGET MARKET

TARGET SEGEMENT

For our brand, the target market is the young women of China, ranging in age from early teens to late 20s. These individuals are largely based in the Shanghai region and are among mid to high-income levels. These women are mostly going to be well-educated while possibly working within Shanghai. We are focusing on the shifting values of this group, from a more collectivist society to a more individualistic, Western one.

More and more young Chinese individuals are choosing this lifestyle in an attempt to reach more happiness and more life satisfaction, a goal the company can address with eco-sustainable clothing and service. This target market focuses on their fashion and the way they look, something which can be proven by the fact that the women's apparel industry in China is the largest in the world and valued at almost \$150,926million [9]. The target consumer loves clothing that both fits and is comfortable and is as easily available online as in store to be able to try on and purchase in store. Clothes should be fast and easily deliverable and accessible to this group and this group is seeking more quality and better products after seeing the conditions of those working in larger organizations' factories.

Below is how we decided to segment our target market, in order to best position the promotional strategy.



Group 1: Those that are environmentally conscious



Group 2: Those wishing to purchase easily online



Group 3: Those that are fashionably conscious

STP:



MEET MINGMEI

The target persona is Mingmei. She is **well educated** and works in the greater **Shanghai** region. She makes a **respectable salary** and likes going out with her friends for a night on the town. She values sharing her own **personal identity** and one idea of this is in her clothes. She takes specific care and attention in what she wears, making sure to find **fashionable clothes** that fit and will give her overall comfort through the day. She is someone learning more about the **environmental hazards** present in the fashion industry and is attempting to become more conscious of the places where she gets her clothes and the means they were made in. She is in the market for styles she can feel **confident both morally and stylistically**.

PRIMARY DATA FINDINGS



Virginie Descamps is a brand strategy management expert in the consumer good industry with global experience at Estee Lauder, Givenchy and Yves Saint Laurent. Reformation sought her consultation in an interview to better understand Chinese consumers. Her interview serves as primary data to drive the marketing strategy of Reformation's launch in Shanghai and the Chinese market. According to Ms. Descamps, there are three major characteristics that differentiate Chinese consumers from the rest of the world: shopping behavior, price points and political limitations.

Chinese consumers view shopping differently than typical American consumers- the market Reformation currently works with the most. Before making a purchase, Chinese shoppers carefully analyze and select what brands they will buy from; the brand one buys from socially defines one much more than other cultures, thus making the shopping decision important. They tend to research the brand beforehand, often looking for which influencers or celebrities are affiliated with the company. Especially when it comes to fashion, Chinese customers do not have a solid sense of fashion, stemming from the collectivist society. Instead they turn to those celebrities and influencers, who are predominantly from the entertainment industry, for inspiration and guidance in fashion choices.

The price point in China has a substantial influence on how consumers purchase the goods. Chinese workers tend to make less income compared to other countries, but that does not deter customers from buying expensive products. According to Ms. Descamps, anything beyond 400 yuan is typically considered to be an expensive product, making Reformation costly in the eyes of Chinese shoppers. Despite having lower average income, Chinese consumers are some of the biggest spenders. Compared to other countries, they save more money, and are therefore more willing to splurge on luxury and high-priced goods. This suggests that Reformation would have success in the market, as consumers might make the big purchases on a brand like Reformation.

The Chinese government is notorious for being controlling of its citizens which sometimes shifts how Chinese consumers purchase goods. Ms. Descamps explains that certain brands have been prevented from entering the market, or removed because of actions disagreeing with the Chinese government's views. SK2, a Japanese cosmetic brand was boycotted and ultimately removed from the market due to a lawsuit from the Chinese government claiming that it contained toxic substances in its products. This occurred when tensions were very high between Japan and China as they fought over the disputed Senkaku islands. Ms. Descamps does not feel as though Reformation would face any barriers from the government when entering the market, although there is a risk that because it is an American brand it may be subject to tariffs. Having the factories that Reformation works with in China prevents the tariffs from having an impact on the prices of Reformation products, protecting the brand from these tariffs

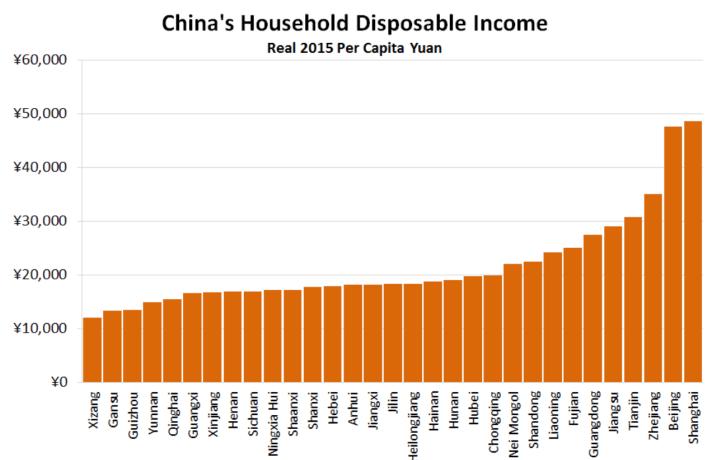
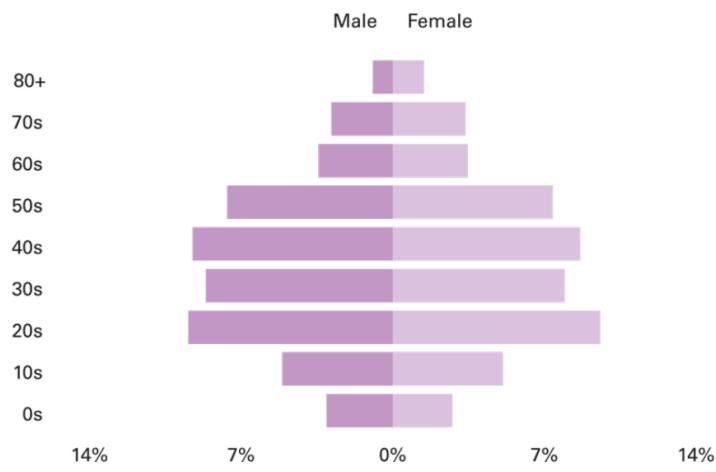
Finally, when describing the new influences and trends in the Chinese market, Ms. Descamps highlighted the generational gaps between millennials and Gen Z versus Gen X. Younger shoppers are more patriotic and are looking to buy from Chinese made or Chinese designed brands. This new patriotism in shopping contrasts with the older generation which typically went abroad to shop the finest clothes and items. While Western influence in fashion is still very prominent in China, this trend is worth taking note of.

SECONDARY DATA FINDINGS

From the secondary data collected, there is a lot to interpret about the current demographics within Shanghai. Looking first at the age distribution, there are over 79% of the population within the urban area of Shanghai between the ages of 15 to 64 with 9% below 15 and 12% of individuals aged over 65. From this data, it can be shown that the majority of the population falls within our target market, which is young to middle age consumers. Furthermore, about 57% of Shanghai's population are women, which is greater than the world average of about 49%. Shanghai's population demographics aligns well with our own typical target segment.

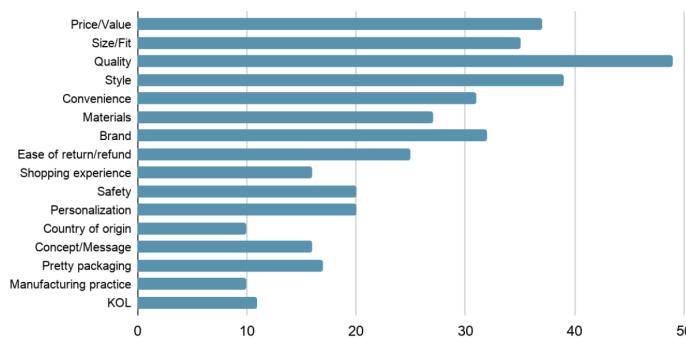
The average per-capita annual disposable income of Shanghai residents in 2018 was 64,183 yuan (\$9,520). This number is the largest among all the regions within China, and over 2.27 times the national average of 28,228 yuan. With this data, it is safe to conclude that the wealth of those living in the Shanghai region is only projected to increase and much of this population has more disposable income than other parts of China, making it the best location to sell Reformation products.

Regarding education, over 75% of individuals in Shanghai possess some scholastic certification and can be made aware of environmental hazards and risks. It is more likely that the educated consumer is interested in the sustainable aspect of clothing. By understanding these detrimental factors within the clothing industry, buyers are more likely to make ethical and responsible decisions on the products they are buying.

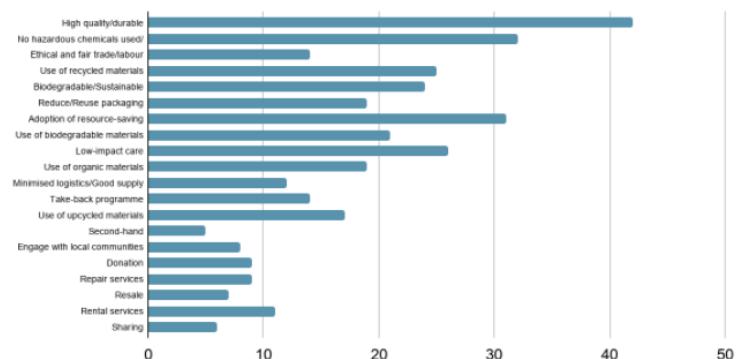


In terms of product, Shanghai residents give quality and style the most weight when looking to purchase clothing. What makes Reformation unique is its focus on providing stylish, luxury garments for their modern consumers. As a result, Reformation should be a perfect fit for the Shanghai consumer. However, there is a gap between consumer expectations and the actual service provided. As seen below, consumers don't perceive style as an element of sustainable fashion. Considering that trendiness is one of Reformation's main strengths, it is imperative that the promotional strategies demonstrate the chic aspect of the eco-line (through, for example, the fashion week event.)

Percent of people that consider these factors when shopping for fashion items:

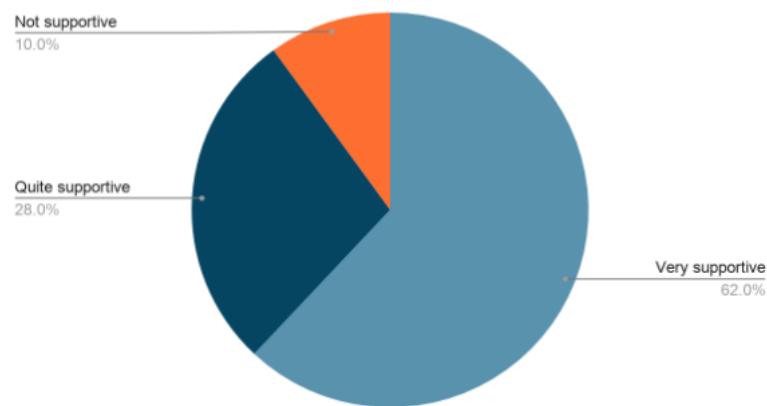


What percent of people believe these features are a part of sustainable fashion:



Furthermore, based on the information found in the Sustainable Fashion Summit survey by KPMG, Reformation as an eco-brand would be very popular. The coupling of local adverse environmental effects and the recent growing awareness around sustainability has led to a boom of support for eco-commerce - 90% of people in Shanghai are in support of sustainable fashion. Given there are no eco-brands currently in Shanghai, there is a clear market gap for this type of clothing. This is very aligned with what Reformation aims to provide; a sustainable alternative for everyone. Climate change is a global issue, which is why we believe it is important for Chinese consumers to have access to high-quality, sustainable fashion.

Percentage supportive of sustainable fashion:





STRATEGY

PRODUCT

To maintain the essence of the brand, the products offered in Shanghai will resemble those of the U.S. The clothing carried in China will feature the use of patterns, as it is characteristic of Reformation's collections. The patterns Reformation incorporates in its designs will distinguish the brand from other clothing stores and match current trends in fashion. However, consumer relevance to match Chinese consumer preferences will also guide our launch strategy.

1

Offer almost all product ranges

Department stores in China are a major competitor for Reformation as many upper middle class shoppers turn to them for clothing purchases. To compete with department stores which offer product breadth, but lack product depth, Reformation will carry almost all product types to its China location, and online platform [10]. All product lines except for the swimwear, lingerie and bridal collections will be included. These three lines mentioned are significantly smaller in size and would be complicated to integrate as the clothings' fit would need to be restructured to fit the typically smaller physique of Chinese women. Cultural context also suggests that swimwear is not as prominent in Chinese culture as it is in American, hinting that it would not be profitable [11]. Instead, reformation will carry more tops, as data indicates they are the most purchased clothing item. The collections in Shanghai will continue to feature the iconic vintage and floral designs true to Reformation's style which is trending in fashion.

2

Introduce RefXSHA: The Red and Winter line

To encourage assimilation into Shanghai fashion, there will be one main design initiative: the RefXSHA collection. A new and exclusive collection featuring red fashion pieces will be created to inaugurate the expansion of Reformation into the Chinese market. In China, red signifies good fortune, happiness and success, making it one of the most popular colors. The incorporation of red statement pieces is likely to be well-received by Chinese consumers. The initiative will also expand the winter collection. Unlike the weather in L.A.—where Reformation was founded—Shanghai undergoes four seasons [12]. Reformation has an expansive line of sweaters, but the chilly winters in Shanghai require more heavy-duty outer-wear like winter coats and winter accessories. Designing a winter collection to be sold exclusively in China will appeal to the target market during the October- February season, promoting purchases throughout the whole year. All the items will be sold only in China, and will feature graphic designs and patterns symbolic of Shanghai and China, such as a tee with the Shanghai skyline.



Examples from the RefXSha collection

The exclusive collections for China are likely to increase brand awareness and promote purchases as online shopping industry data recommends altering product lines to match consumer preferences to achieve success.

PLACEMENT

Online

Online shopping is integral to success in the Chinese market. Because of the coronavirus pandemic, stores have limited capacity, and many consumers fear contracting the virus, leading online shopping to become the go-to method of purchasing goods. Internet services are expected to total to 803 billion dollars this year due to a rapid increase caused by the pandemic [13]. In addition, Chinese consumers' advanced technology skills further suggests that online shopping is integral to reaching the target market, especially through mobile devices. This combination of circumstances has led Reformation to approach its placement primarily online. The placement strategy will compose of three different online shopping experiences to extend Reformation's reach and while appealing to the technologically-driven Chinese shoppers.

1. Reformation will therefore create a Chinese "mobile first" website to promote its products and appeal to the majority of Chinese consumers who are shopping for clothing online. Having a Chinese website will establish Reformation in the market and increase brand awareness. This website will be on Baidu, which is the Chinese version of Google. In 2014, Baidu was the go-to search engine for 90% of users [14]. Creating an easy to use, accessible, and aesthetic website will attract customer's attention, and placing it on Baidu will ensure that Chinese consumers see it.

REFXSHA的首批收藏现已在商店中发售

Shipping to: CN 我们的商店

♡ 最喜欢的

袋.

Reformation

新 服装 礼服 牛仔裤 基本 毛衣 集合 礼物指南 可持续发展 搜索



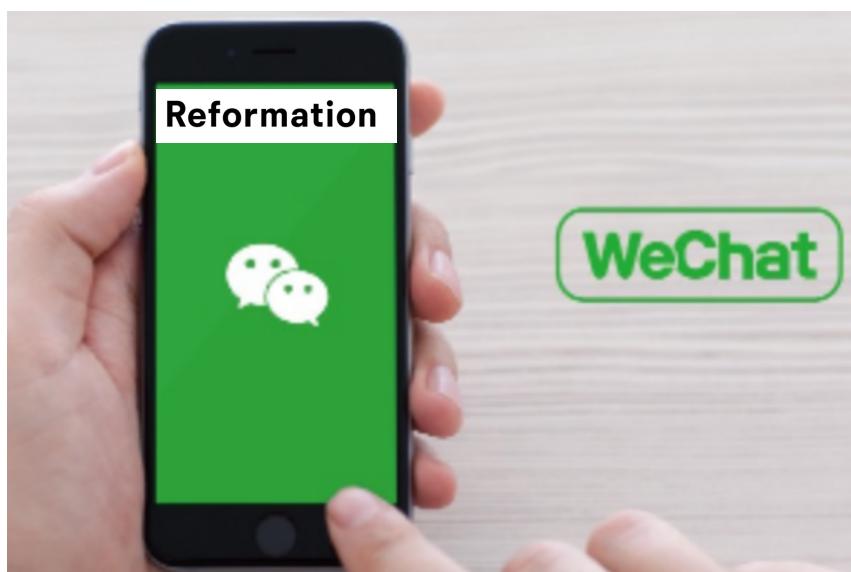
The Chinese website featuring the inaugural RefxSha Collection

2. To further develop brand awareness, reformation clothing will be available on Tmall, an Alibaba B2C platform. The online shopping industry is highly concentrated in China, so a simple website is not enough. Tmall, known for its reputation and quality products is an ideal platform to reach Chinese consumers. The promotions Tmall has, most notably "single's Day" on 11/11 generated 24.9 billion dollars in 2017, suggesting that it is highly profitable [15]. Placing reformation products on Tmall would further establish the brand and raise awareness and other major fashion brands like Nike and Adidas have done. In addition, with Tmall you can reach all chinese consumers that live overseas, from SE Asia to Europe, according to Ms. Descamps.



Ad and Product Placement on Tmall

3. WeChat is a secondary platform that Reformation will utilize to reach Chinese consumers. WeChat is the largest Chinese social media platform with over 1 billion users. This dubbed "super app" is used for payment, messaging, online shopping and posting videos and pictures as "moments". Reformation will create an account for the brand to take advantage of the payment feature on the app which is a highly popular way to pay for goods at firms no matter the size [16]. The use of WeChat aligns with the target market, as it is a widely used platform in China, and establishes Reformation on yet another platform to communicate its status to a large audience. Presence on the app further encourages awareness amongst Chinese consumers as it reaches users beyond mainland China, influencing Hong Kong, Taiwan, South East Asia and even North America. The far reach of WeChat holds potential for future expansion into the Chinese market in some of the regions listed above.



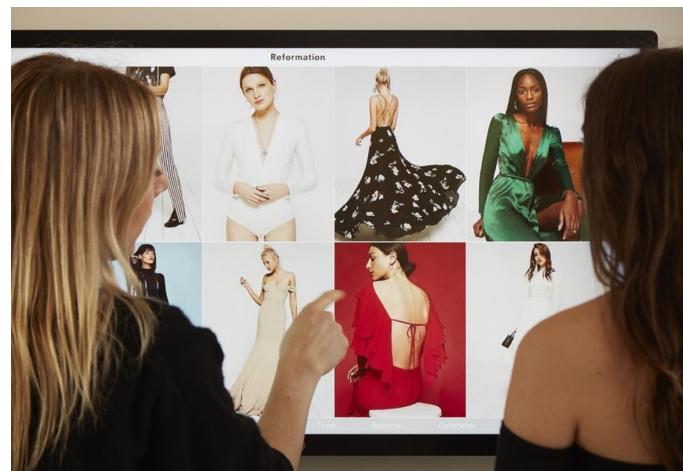
WeChat x Reformation Product Placement

PLACEMENT

In Store

In addition to offering clothing online, Reformation will open a store in the city of Shanghai. Nanjing Road is the most famous street for shopping [17]. Locating the store on the West end of the road where international and higher end designer brands will entice shoppers to enter the store as they may not recognize the brand. Setting up the storefront on a road where other well established fashion stores are will send a message to consumers that Reformation's products are of the same caliber.

The store itself will preserve the clean, modern, and luxurious feel that other Reformation stores have. The attractive brick and mortar store will increase traffic to the store, as its bright and open space invites customers to browse. The minimalistic design provides comfort, with many seating options.



Inside the flagship store: minimalist furnishings, high tech features and elegant atmosphere

Making shopping effortless, Reformation stores only include one of each product in the showroom to avoid overwhelming the customer with unorganized or large amounts of clothing. If a customer is interested in a specific item, they order it through a tablet to be delivered straight to their fitting room. The fitting room is equipped with adjustable lighting to flatter the customer's best angles and take attractive selfies of their Reformation looks. The incorporation of technology like the tablets and lighting features is new and innovative, and offers a positive experience for consumers they may not have had before, encouraging positive word of mouth. The use of the technology will also appeal to Chinese consumers as they are considered to be the most digitally savvy (Biondi). The unique shopping experience at Reformation stores adds value to the experience and contributes to a sustainable comparative advantage as few stores have such an advanced and unique shopping experience.

Having a physical store will also reduce the perceived risk for customers considering purchasing a Reformation item. Showrooming is a common practice amongst consumers that generates qualified leads. By having a Reformation store in Shanghai, potential buyers can come into the store to inspect the quality, materials and cut of the clothing before making a purchase. Allowing customers to see for themselves the products will likely convey the value proposition of high quality, and stylish clothing, and simultaneously reduce the chance of post-purchase dissonance as consumers had more information before decide to make a purchase..

PLACEMENT

Distribution

Reformation has 7 factories in China which produce finished goods. Opening a store in China does not pose any issues for distribution. With every expansion of a brand, there is a higher demand for the goods produced, so there is likely a need for a new factory to be opened, or for efficiency to improve; however, with other nearby factories like those in Portugal and Turkey, supplying Reformation's products in China appears to be quite manageable. These factory locations are especially advantageous to Reformation as the U.S.- China trade war would otherwise pose a big problem to transporting goods between the two countries (most Reformation factories are in the Los Angeles area), which Ms. Descampes warned about. The Chinese factories prevent further disruption of the flow of goods, because domestic goods are not as vulnerable to global pandemic as goods traded internationally.



*Map of Reformation's overseas factories:
clear focus in China*

Recent consumer trends in China, according to Ms. Descamps, show that Millenials and GenZ are choosing to buy from Chinese companies or fashion designers when it comes to clothing. Reformation's target market includes both these segments, and thus will promote that some of its products are manufactured in China. Although Reformation is an American company with American designers, it still employs Chinese workers, which will please the patriotic consumers. Moreover, the employees that work in Reformation factories in China are ethically employed. Reformation has strict guidelines for what kind of factory working conditions it allows, a stark contrast to China's infamous sweatshops. The promotion of Chinese-made clothing that is sustainable and of high quality will demonstrate to Chinese consumers' that Reformation's existence in the Chinese market will benefit them as well as Reformation.

PRICE

Reformation's pricing strategy will follow a price skimming model to preserve the brand image, appeal to a wide range of buyers and convey the quality of the products

Reformation merchandise typically ranges between 60-250 dollars, equating to approximately **400 to 1700 Yuan**. This price range generally is considered to be moderately expensive and will limit the type of customer willing to buy from Reformation. Despite being restrictive, keeping the same price range as in the U.S. will not discourage sales, following on from Ms. Descamps' explanation on how Chinese shoppers save their money and make occasional luxury purchases. Chinese consumers do expect regular rebates via coupons and promotions, so a marketing calendar with price promotions will be designed for the chinese market, differing from the U.S. pricing strategy.

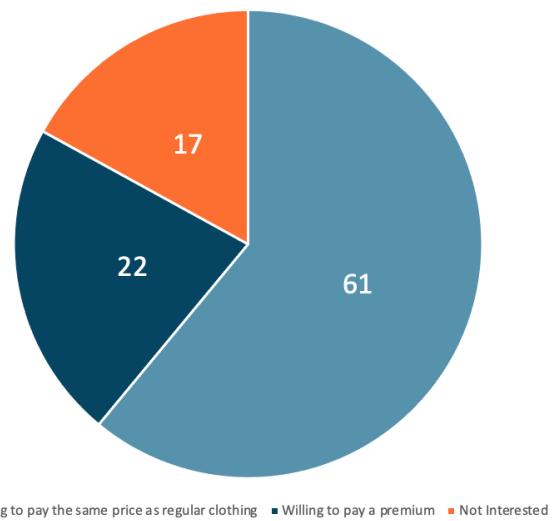
Reformation's pricing goal is to attract the desired target market, convey the brand image and product quality.

1

Eco-conscious shoppers are willing to pay more

The majority of Reformation's products are priced higher than other non-luxury brands. Higher prices, however, are unlikely to hinder consumers from purchasing from Reformation because of Reformation's target market. Reformation appeals to eco-conscious female shoppers. In general, female shoppers are more likely to pay more for products, which is why the pink tax exists, and environmentally conscious shoppers are more willing to pay more for products that are sustainable. The same is true for China where In China, 22% of the population is willing to pay a higher price for sustainable fashion compared to normal clothing, and 61% would buy sustainable fashion if its price were the same as normal fashion [18]. Reformation's merchandise appeals to 22% of the population, a large market considering the immensity of the Chinese population. For the other 61%, Reformation offers select products whose prices are comparable to normal fashion, but are sustainably made, thus giving Reformation the advantage.

Chinese Sustainable Clothing Pricing Preferences:



2

Rising Upper Middle Class

The clothing industry in China is expected to grow substantially over the next few years, totalling to 3.6 billion dollars per year because of China's fast growing middle class [19]. Reformation's prices attract middle and upper middle class buyers, which soon will make up a large portion of the Chinese market. Reformation's pricing strategy appeals to this emerging category of consumers as 62% of the upper middle class actively look for sustainable apparel.

The lower priced items, ranging between 60-70 USD for shirts, tank tops and blouses, while limited, will still appeal to the average middle class buyer. The jeans, which are priced between 100-150 USD are quite average in comparison to other American Jean companies such as Levi's or Madewell. This price range is acceptable for high quality jeans like those of Reformation, and since jeans are long lasting, the value for the price is one that middle class buyers will also be attracted to.

3

Convey Brand Image

Decreasing the price of Reformation clothing risks miscommunicating the quality of the apparel. Reformation prides itself on its use of high quality, sustainably sourced materials to fabricate its fashion. These premium materials come with a high cost, and reducing the price may compromise the quality of the clothing, steering away from the brand's mission and image.

Besides offering high quality clothing, Reformation ensures that it is made in compliance with ethical working conditions. This again comes with higher manufacturing costs. Lower prices may discourage the continuation of the humane working conditions that Reformation supports for its employees and factory workers, contradicting the brand image and mission once again.

Reducing the price of the Reformation clothing in Shanghai undermines the brand equity.

PROMOTION

Reformation will pursue three main promotion strategies: a show at Shanghai Fashion Week, a sweepstakes, and a digital advertisement campaign. The goal of the three strategies is to foster brand awareness. As Reformation enters a new market, its success is dependent on Chinese consumers becoming familiar with the brand, then making purchases.



Reformation hopes to leverage its connections with Permira, a parent company renowned for investing in luxury firms such as Hugo Boss, to exhibit its new collections at the fashion week . Shanghai Fashion Week is one of the most prominent fashion events in the world. The show normally takes place in-person, but because of the pandemic, has adapted to a virtual setting. Despite having to quickly adapt to circumstances, the show this year reached over 11 million views and generated \$2.3 million in income thanks to livestreams of the shows and digital showrooms [20]. Its success on a virtual platform indicates that the show is a profitable venue to increase sales during the pandemic by utilizing the new technology to display and sell Reformation items.

Vogue Business hails Shanghai Fashion show as being the “blueprint for future fashion weeks” .Promoting the brand and products at Shanghai fashion week increases brand awareness amongst high end buyers, and designers from China and around the world. Moreover, Shanghai Fashion Week’s recent objectives stress eco-conscious fashion. Reformation has been at the forefront of sustainable fashion since its creation, making it a perfect fit. A show during the fashion week would further indicate to other brands and consumers that Reformation is a legitimate and successful company with environmental protection as its core value

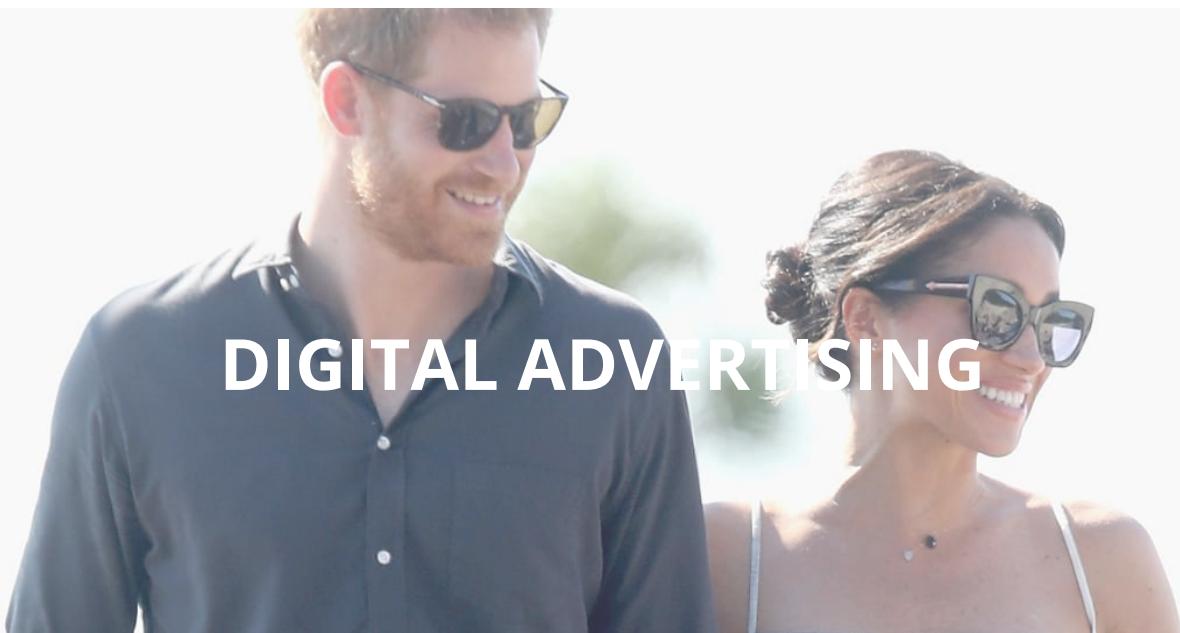
SELFIE SWEEPSTAKES

To strengthen brand awareness Reformation will organize a sweepstakes for a lucky twenty winners with a chance to attend Shanghai Fashion Week. An entry to the sweepstakes requires that participants visit the new Reformation store in Shanghai and post a selfie taken in the dressing room. The adjustable lighting promotes high quality pictures for customers to pose in their dream Reformation outfit. At least one of the items they wear must come from the new RefXSHA collection. Once they have taken the picture, they must post it on WeChat as a moment, tagging Reformation, and using the hashtag "#ShanghaилovesRef" and "#RefXSha. Another requirement is that users must follow Reformation on the platform. Twenty winners will be selected at random. Ten will win the Reformation outfit they posted in their picture, the other ten, in addition to winning an outfit, will receive an exclusive invitation to Shanghai Fashion Week for them and a guest of their choice. Whether or not Shanghai Fashion Week is virtual, the winners will still win an invitation to attend the event.

The aim of sweepstakes is to augment brand awareness. The sweepstakes encourages engagement from Chinese consumers which amasses user-generated content that can be used in future promotions, and stimulates positive word of mouth. The sweepstakes through WeChat will extend the reach of the promotion, while highlighting the stylish Reformation clothing, especially the new collection. The sweepstakes serves as a double-pronged approach, because it functions as "free" advertisement and develops brand awareness.

Example of what a Selfie Sweepstake entry would look like





DIGITAL ADVERTISING

Due to the presence of the coronavirus pandemic, Reformation will pursue digital marketing to reach the target market. Reformation's digital advertising campaign will consist of placing ads on WeChat and Tmall. The underlying strategy for digital advertising will be guided by a KOL strategy.

KOLs would promote trust in the Reformation brand as key influencers will promote and wear Reformation, signaling to their followers that they like and believe in Reformation as a brand. Their affiliation with Reformation Will also guide consumers on how to dress and likely spur new fashion trends in China, with Reformation at the forefront. Including local celebrities and influencers will further customize the strategy for Reformation's expansion into China, appeasing Chinese consumers.

KOLs have not yet been selected. The strategy will be devised with the help of Parklu, a KOL agency, to ensure that the strategy is as tailored to China as possible to encourage success. There are two types of ads: the ones promoting Reformation in general, and the ones promoting the sweepstakes.

1

WeChat Advertisements

The social media campaign on WeChat emphasizes the sweepstakes to bring attention to the brand. Because the sweepstakes takes place on the platform, Reformation ads on WeChat will facilitate participation. The ads will be image-based, displaying the Reformation clothing and the Shanghai Fashion Week logo (with approval). There will also be a video version of the advertisement that shows Reformation models wearing the new collection that cuts into videos of Shanghai Fashion Week to grab viewers attention.

2

Tmall Advertisements

General Reformation ads will appear on Tmall. These ads will focus on the sustainability and quality of Reformation products. Climate change is an issue that 65% of Chinese agree is an ethical concern (IBIS). To exemplify the quality and the environmental benefits of the apparel, the advertisement will include short phrases highlighting those facts. There is no major sustainable fashion brand in China despite there being interest from consumers, so these advertisements will demonstrate to Chinese shoppers that Reformation is the go to clothing brand that has ethical and environmental concerns at heart.



Example commercial from previous campaign - photo is focussed on fashion aspect, with environment-aligned text

Rough example of Tmall commercial - content is focussed on Shanghai-specific environmental issues,

Overall, both campaigns will feature more Asian models and Asian-focussed environmental issues in an attempt to demonstrate to the target audience that Reformation is inclusive. This strategy also aligns with reformation company values, after pledging to have more diversity in the company after being criticized for a lack of it.



EVALUATION AND FUTURE GROWTH

In rolling out this marketing campaign, it is necessary to outline how the firm can measure its success.

Firstly, for the event-sponsorship part, measurement is simple. Being virtual, it will be relatively easy to count the number of participants at the Reformation Shanghai Fashion Week event. Using this data, we can then look at the correlating lift in RefXSha purchase numbers. This should demonstrate the effectiveness of the event sponsorship tactic.

Secondly, the effectiveness of using the WeChat platform will also demonstrate the effect of the sweepstakes. This is because the sweepstakes will mostly be advertised on WeChat, so the aggregate number of entries will depend on the reach and impressions of the WeChat platform.

Thirdly, the benefit of Tmall advertising on purchases can be measured by analysing the number of new customer clicks and accounts on the China-based website, because the Tmall platform displays the general online commercials

.In evaluating the popularity of the eco-line expansion as a whole, traditional marketing measures would be more useful, such as revenue goals. When Reformation was first launched in 2009, it brought in \$25 million in revenue [20]. Considering its well-established brand image, the revenue expected from the eco-line would be greater than this. The suggestion for the new revenue goal is \$35 million for the first year.

FUTURE PRODUCT GROWTH

As Reformation learns from its first year in China, it will likely adjust its product selection to better adapt to the Chinese market. Depending on the success of the RefXSHA collection, Reformation will launch a new version of the collection, adjusting to Chinese consumer preferences. The product selection will be more tailored based on what sells more.

As Reformation extends into its next focal city, Hong Kong, it will launch an exclusive collection to institute the brand in the new city the same way it did for Shanghai.

Hong Kong's highly humid climate will pose any issue for some of Reformation's clothing which often is made of quality cotton, a rather heavy material. To compensate for the weather, Reformation will include lighter materials such as linen.

FUTURE PRICE GROWTH

After carefully monitoring sales in Shanghai and China and comparing them to the sales in the U.S., Reformation will determine if a change in price is necessary. If there is a lack of sales, Reformation will consider offering some of its more basic products like tanks tops and shirts at a lower price, or consider having a sale to boost purchases.

FUTURE PLACEMENT GROWTH

Reformation will be accessible in China through multiple platforms in the online realm, while only accessible in-person at a single store. Therefore, Reformation will grow its presence by opening more stores across the country, prioritising Hong Kong next. Opening more physical stores will also act as a natural hedge if online shopping declines following the end of the COVID-19 pandemic. Nevertheless, Reformation stores provide an unparalleled shopping experience for its customers that differentiates it from other brands. Bringing this experience to as many shoppers will promote Reformation's success in China.

FUTURE PROMOTION GROWTH

After analyzing the effectiveness of the Tmall and WeChat advertisement, Reformation will edit the advertisement, updating the images used, and creating new headlines. Fortunately, the virtual nature of the strategy makes it easy to modify. Reformation's promotions will also look to expand to other Chinese social media, such as Douyin (TikTok) since it grew by 23% because of the pandemic.

There are also plans to introduce mass engagement strategies such as the distribution of Reformation-branded reusable tote bags. This because once COVID-19 is over, people will use social media less and thus be less affected by our current digital promotional strategies.

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