



“Web-weaving”

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An approach to sustainable e-retail and online advantage in lingerie fashion marketing

Catherine J. Ashworth, Ruth Ä. Schmidt and Elke A. Pioch
*Retail Management Subject Group, Manchester Metropolitan University
Business School, Manchester, UK, and*

Alan Hallsworth
University of Surrey, Guilford, UK

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Abstract

Purpose – This paper seeks to explore antecedents for online success and conceptualizes the stages by which a small-sized “pure-player” has achieved profitable and sustainable e-retail in the fashion sector by utilizing a multi-niche strategy involving an e-portfolio of five fashion-related cyberstores.

Design/methodology/approach – This qualitative critical-case utilizes the in-depth interview technique and rich thematic data analysis to provide insight into e-retail development, with conceptualizations inductively developed from the data. Findings are linked to business growth, e-business strategy, portfolio management and entrepreneurship literatures.

Findings – Findings identify a staged, evolutionary approach to transactional cyberstore development and outline 20 key factors for e-retail success. The “web-weaving” process is conceptualized: this strategic “e-portfolio management” approach identifies a multi-niche opportunity for e-retail, which spreads risk, maximizes revenue streams, utilizes knowledge economies/synergies across multiple-web sites, promotes customer added value and offers potential for competitive advantage and sustainability for the smaller-sized e-retailer.

Research limitations/implications – This is an in-depth study of a single, long-standing e-retailer maintaining superior retention levels across an international customer base. That this enterprise bucks current trends by surviving (when 75 per cent e-retail ventures fail) adds validity to web-weaving as a sustainability strategy. Future research should explore this phenomenon within a wider inter/intra-niche context to further contribute to the enhancement of e-retail strategic marketing/enterprise development.

Practical implications – Implications indicate that a (niche) e-portfolio strategy is perceived as defensible, from an owner-director perspective, for sustaining a fashion e-retail enterprise. Targeting multiple-niches via “web-weaving” provides a clear route to critical-mass and sustainability, which could prove a valuable lesson for many small e-retailers – potentially providing a framework for internet-strategy development in other marketing domains.

Originality/value – This research presents a rich picture of how an e-retail enterprise, in a highly competitive/dynamic market, can develop and sustain transactional e-business over the longer-term – presenting obvious implications to SME retail/marketing management.

Keywords Electronic commerce, Fashion industry, Internet marketing, Portfolio theory, Small to medium-sized enterprises

Paper type Research paper



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Introduction

Rapid progress in the application of information technology is highly pertinent to the successful evolution and sustainability of e-retail marketing: increasing as consumer opportunity for home shopping grows. The small/medium-sized enterprise (SME) fashion e-retail (SMEFE) sector (predominantly specialist/niche e-retailers of clothing/footwear/accessories, up to 249 employees) operates in an arena increasingly under threat from key national/international players (DTI, 2000). Despite providing a £30-billion contribution to the UK economy – and being on the government agenda for development, the fashion industry, in general, and lingerie sector in particular, has been avoided by researchers, who concentrate on grocery retailers (Tanskanen *et al.*, 2002), or focus on consumer perspectives (Wachter, 2002). This is despite online lingerie sales (a sector experiencing sales-growth of 173 per cent per annum) having long overtaken established internet products, such as electrical goods/CDs (Connon, 2003). Only 7 per cent of published internet-marketing research papers cover retail (Ngai, 2003): none relate directly to SMEFE-cyberstores: surprising, given one-fifth of all adult female clothing is now purchased via alternative channels (Mintel, 2003) – and lingerie capturing 13 per cent of consumer-spend.

Whilst the internet has stimulated a new kind of shopping, the boundaries between retailers, manufacturers, “clicks-and-mortar”/“pure-play” have blurred. A “clicks-and-mortar” firm operates both “e-retail” and “offline” storefronts, utilizing separate or integrated strategies (i.e. “multi-channel”/“mixed-reality” retailing), whilst a “pure-play” enterprise is a cyber-start-up (typically new market-entrant) with online presence only (i.e. traditional storefront absent).

Two schools of thought persist: firstly, e-retail creates customer confusion, threatening loyalty as consumers browse/compare prices more readily online (Strauss and Frost, 2001). Alternatively, e-retail represents an ideal opportunity to cut costs, improve “channels-to-market” and grow an increasingly loyal customer base, involving strong accumulation of new business (Webdale, 2003) and international market development (Jones *et al.*, 2002). Internet applications should also provide opportunities for SMEs to improve competitiveness (Chapman *et al.*, 2000). Nonetheless, retail has been slow to assimilate the learning of new entrants into strategy development (Reynolds, 2002) and fashion, in particular, has been reluctant to embrace transactional e-retail (Marciniak and Bruce, 2004). Despite knowledge that e-retail should offer better economics for selling clothing than traditional storefronts (Barsh *et al.*, 2000), many SMEs have avoided e-commerce due to reports of initial poor achievement, which renders them uncompetitive in the medium-term and leads to long-term failure (Marshall and Mackay, 2002; Jeffcoate *et al.*, 2002). Many fashion web sites continue to be purely “informational” limiting profit-generation opportunities. However, it is “pure-players” who are more likely to undertake transactional e-retailing (Marciniak and Bruce, 2004) and these niche-enterprises now account for 40 per cent of online fashion e-retailers by number – yet – research remains negligible. The trend towards internationalization and stabilisation of efficiency/profitability in larger players, along with increased marketplace concentration, is expected to pose a significant threat to smaller firms who lag behind. Consequently, the quest for a route to profitable, sustainable e-retail takes on greater importance, especially for SMEFE, where day-to-day operations typically involve a critical fight for survival.

The concept of developing a portfolio of businesses is highlighted as a strategy for spreading risk and building stability/sustainability for offline SMEs (Carter, 1999). Similarities may be drawn between entrepreneurial “offline portfolio” management as a route to success and the development of an “e-portfolio” (i.e. transactional multiple-cyberstore ownership) as a potential strategy for SMEFE growth and sustainability. This strategic “e-portfolio” route to sustainability has yet to be explored from an e-retail/fashion perspective. As such, it is recommended that an exploratory approach is required to obtain greater knowledge on the process by which e-business start-ups create and develop their business (Carrier *et al.*, 2004).

Research aims and design

“Electronic-marketing is becoming a more significant issue” in retailing (Reynolds, 2002, p. 532), and lingerie are currently the most successful fashion products online. Indeed, apparel purchasers spend far higher amounts on clothing, compared to books/CDs – yet the full extent of fashion retail involvement in e-commerce is unknown (Marciniak and Bruce, 2004), providing a clear case for targeting the e-lingerie marketspace. “Absence” is, therefore, used as a “cue for investigation” (Inkpen and Choudhury, 1995, p. 313). Consequently, the purpose of this research is to explore not only how SMEFE move online, but to uncover the success factors for developing a profitable venture in the dynamic, “pure play” marketspace from an owner-director perspective.

Having explored 30 transactional lingerie e-retailers operating from a UK-base, this paper highlights key findings of a study into the route to profit travelled by “LadyBWear” (LBW) a small pure-play fashion e-retailer, operating an e-portfolio of five niche cyberstores. Established online for over six years, the firm was founded with an e-lingerie base, and following rapid profit achievement – has since built two further feeder web sites with a lingerie focus. More recently, LBW extended their e-portfolio, adding two new cyberstores promoting club-wear (catsuits) and specialist-footwear (Masai-Barefoot-Technology).

An exploratory study was designed to achieve the following aims:

- (1) To explore the move online and determine current practice for LBW – a small transactional, profitable “pure-player” in the UK SMEFE domain, utilizing a multiple-cyberstore strategy..
- (2) To analyse the critical success factors in developing a profitable e-retail venture, exploring key factors for online success and routes to sustainability..
- (3) To inductively develop a conceptual framework to demonstrate the move, operation and development of profitable e-retail, to guide future research..

The research design follows a three-stage approach. Firstly, in order to determine current practice online, a visual exploration of e-retail fashion niches was made to examine the types of online marketing activities, products, services, registration, content provision, interactivity and value added, along with imperatives – such as company size and ownership (Hart *et al.*, 2000). SMEFE lingerie-sites (total 30) were identified from virtual malls/internet search-engines (www.theukhighstreet.com). Secondly, screening telephone interviews were used to identify the most suitable critical case-site. Filter questions included: whether the web site was generating profits/perceived as successful by the owner-directors, duration online, break-even

timescales, willingness/availability to participate, along with research ethics – such as requisition for confidentiality. Using a process of constant comparison and progressive focusing, www.ladybwear.com was selected for in-depth study. This company represents an interesting model for research, since e-portfolio management, in general, and multiple-niche SME e-retailers, in particular, remain uncovered by the current literature and may be a new route to drive revenues, growth and sustainability for smaller-sized e-retailers.

Having negotiated access, the exploratory in-depth interview technique was used with the two key owner-directors of “LadyBWear” (who are directly involved in managing/planning/developing e-retail activities) to glean a high-interest stakeholder perspective: over 150 minutes of detailed dialogue was recorded with each owner-director. This was complemented by a critical examination of the company web sites and their development over time. Finally, the third stage involved transcription and reflection, which allowed repeated and detailed consideration of events of the interaction (Silverman, 1997). Rich thematic data analysis via crystallisation (Denzin and Lincoln, 2000) allowed an image of reality from the owner-director perspective to emerge, based on the ability to evoke a lived experience (i.e. evolution of the e-retail portfolio and key factors leading to perceived success) in a business environment (Richardson, 2000): this involved a number of key affective themes emanating from the research interviews, which – along with reflective conceptualization (Gummesson, 2000), based on a thorough analysis of the transcribed narrative, enabled a preliminary framework for pure-play multiple-niche portfolio e-retail to be inductively developed from the data. It is intended that the current study will form the starting point for further comparative case research.

Findings

The case of LadyBWear

Founded in 1998, the case-site www.ladybwear.com represents a long-serving pure-play transactional e-retailer, which is actively generating profits. The enterprise differs from other e-retailers, in that it is a multiple-niche provider which has evolved from one to five transactional cyberstores covering three fashion sectors (with a sixth planned for 2004). Table I provides a detailed profile of the case-company and its cyberstore-portfolio.

The next section addresses the first objective and highlights how the internet strategy of the organisation developed.

Strategic development. In line with the literature (Quelch and Klein, 1996; Willcocks *et al.*, 2000; Tanskanen *et al.*, 2002), web site development has been emergent in nature, with initial investments to develop an intuitive business opportunity:

We always wanted to set-up an e-business – we just had to find the right idea. We are constantly innovating and launching new sites/products. We do this because there are distinct market-segments which are currently not serviced online.

The e-portfolio developed over a six-year period as a process of “natural progression” with a basic presence launched to “test the water”:

We started off one-site in a small way – with around 20 products online to see how things went. The basic tenets of the business were: “Excellent Customer Service”. We self-funded, as

Company type	Pure-play (operate five transactional web sites) 100 per cent e-retail, no offline presence
Offline experience	Corporate/banking, no previous fashion-lingerie experience
E-portfolio launches (“web-weaving”)	www.ladybwear.com, November 1998 www.catsuitcorner.com, January 2001 www.pantiesalon.com, July 2001 www.masterbwear.com, July 2002 www.lovethoseshoes.com, June 2003
E-retail products	Own-branded lingerie, underwear, catsuits, clubwear (i.e. PVC options), swimwear, shoes
Brands	Own-brands: “Lady B/Master B” Bought-in brands: MBT-footwear
Product source	Majority clothing manufactured in-house (20 per cent exceptions: shoes, gloves, stockings)
Manufacturing base	Manufacture to order on-site in stockport (all cyberstores operate from single-base)
Business size	Small-enterprise
Number of employees	15
Number of products	450 (25,000 + variations) on LBW alone Clothing sales: circa 70 per cent of business
Customization	Product and service customisation (make-to-order, bespoke-designs)
Affiliates	60 to maximise exposure (operate on all sites except www.lovethoseshoes.com, as it is a new site). Intend to continually develop this aspect
Reciprocal/other links	Attached to circa 100 virtual-malls; key search engines (e.g. Yahoo.com); specialist link sites (e.g. transvestite-communities); “Banner-Swaps” with circa 1,000 community-sites
Market development	UK: 70 per cent; USA/Canada: 20 per cent; rest of world: 10 per cent (e.g. Gulf countries)
Repeat customer profile	Circa 80 per cent of business
Future cyberstores	Two new launches planned: 2004. Then, one cyberstore every six months to 2006, subject to market demand and resources

Table I.
Company profile – LBW

it is very difficult for a start-up to get money from the banks, business angels or venture capitalists.

That SMEs suffer at the hands of financiers is well documented (Hankinson *et al.*, 1997). Rationale behind an evolutionary process of development was largely due to the fact that the owner-directors were unable to quantify the true value of the internet from the outset – so started off small. The benefit of such early experimentation provided a learning curve opportunity to build skills, knowledge and expertise – and more importantly brand strength with critical mass online – albeit to a small, but loyal and growing customer-base:

It’s better to develop a new-site tailored to each niche. That way the customer feels special, like you’re doing it for them. It helps build loyalty.

“Product choice” was experimental, yet LBW was built for profit from the outset, a strategy for success advocated by Porter (2001) and Kanter (2001):

We set the business up for profit from the outset . . . you must be able to generate sufficient unit value to make it all worthwhile.

Early success and rapid recovery of start-up costs led to incremental developments, which allowed considerable advancements over the last six-years, culminating in a unique “multi-niche, pure-play” strategy involving a portfolio of five transactional cyberstores:

The overall plan was always to develop multiple-niche-sites, as it provides a better opportunity to supply niche consumers than the high-street. Nobody else is really doing that. The web allows SMEs to create a sizeable market from an extreme form of customer [big beautiful women; transvestites] – essentially globally segmenting the market. Supplying a global market from a website is now easy – it’s no longer an issue for small organizations. The trick is to identify target markets, support customer needs and continue to develop products through customer niches [as part of a “rolling” strategy].

In line with the business growth (Greiner, 1972; Churchill and Lewis, 1983); e-business development (Poon and Swatman, 1997; Willcocks *et al.*, 2000) and recent cyber-entrepreneurship literature (Carrier *et al.*, 2004), the company followed a “staged” approach to e-retail development, as outlined in Table II.

Success factors. A vital focus of this research was also to explore, as the second objective, the key factors for success/routes to sustainability from a high-interest stakeholder perspective, as summarized below:

- (1) Cultivate an adaptable organization (structure and process), built for profit from the outset.
- (2) Develop a flexible, evolutionary business plan based on target and market dynamics to take advantage of new opportunity.
- (3) Minimize experimental phase, start-up expenditure and aim for strategic fit.
- (4) Utilize in-house synergies and ELK across functional departments and sites.
- (5) Introduce creativity and flexibility in reciprocal-links and joint-marketing ventures.
- (6) Employ multiple revenue streams (via multi-niche strategies).
- (7) Develop strong, credible online brand, with strategic focus on quality, service and delivery.
- (8) Generate quality, clear visual and written product descriptors.
- (9) Build and maintain loyal customer base (highly-target each niche).
- (10) Employ and monitor customer retention programmes.
- (11) Engage customer creativity to aid site stickiness (i.e. retail theatre concept).
- (12) Continuously search for and add value to the customer.
- (13) Avoid “commoditizing” product offerings.
- (14) Explore customization opportunities.
- (15) Enhance service opportunity (e.g. customer as designer).

- (16) Regularly update sites to incorporate fresh added value and new technology.
- (17) Engage supply dynamics across the chain, including engaging affiliate partners and reciprocal linkages.
- (18) Incorporate a low maintenance, integrated back-office system.
- (19) Be proactive in the marketspace.
- (20) Explore low-cost access to mass-media representation (Ashworth, 2004).

In addition to “logical” issues: such as strong content, driving traffic, customer retention, building in-house expertise and controlling costs, a number of fresh antecedents for online success have been revealed. About 20 key factors emerged from the study, which will have obvious implications to e-retail management. Factors for success can largely be drawn into two key drivers involving internal and external exploitations. Firstly, technology factors must be developed – this involves maximizing internal synergies, developing cost-economies and achieving core competencies in vital technological skills within the organisation. Secondly, on an external level, the firm is required to explore and exploit service differentials. In particular, the tactics below were utilized to add value and build advantage into the e-offering: whilst not (for reasons of brevity) exhaustive, it covers key principles engaged over the last six years – perceived by the owner-directors as responsible for organizational success – and ultimately viewed as vital drivers in maintaining the enterprise as a going-concern: significant, since 75 per cent of small-business ventures fail within two years.

Phases	Enterprise actions
Idea emergence	Primary vision; desire to launch e-retail venture Desire to manage own enterprise
Opportunity identification	Intuitive development Idea generated as friends had needs unmet by mass-market retailers
Needs analysis	Realization: unserved market segments could be targeted via www Checked internet: no significant online providers Opportunity to link with target “communities”
Funding search	Self-funded as banks and venture capitalists reluctant to invest
Venture creation	Web site design and launch Started off small with single-transactional cyberstore to test market Early success led to gradual expansion of products Need to improve supply flexibility led to introduction of in-house manufacture Production flexibility enabled unique product-customization
Web-weaving (Figure 1)	Multiple-web site-development: transactional cyberstore e-portfolio built New niches identified Additional web sites, serving new-found target-market needs, launched and integrated into existing technical-infrastructure Market-development and diversification enabled E-portfolio of five profitable, transactional cyberstores established over five-years

Table II.
Pure-play e-portfolio development process

LBW has pursued an extended campaign to add-value to both internal and external customers, taking time to develop staff, processes, products and service exclusivities internally:

We have “male-cut” clothing for the men/transvestites (e.g. reinforced fasteners) – because men aren’t as careful or gentle with their clothes as women. So, we cater to their needs and design them serviceable products which will last.

LBW derives added value from customization: a topic hotly debated by academe – with advocates both for (Willcocks *et al.*, 2000) and against (Jiang, 2000). Consumer-driven customisation is enabled by integrating an in-house manufacturing strategy, along with the utilization of customer scripts/roles in creating personalized, bespoke product designs, which serves to drive loyalty, whilst minimizing in-house design costs. Customers are able to forward their own designs and have them custom-made, for a premium. Significant revenue is also drawn from rapid commercialisation of new product concepts derived from customer-driven designs:

Most new designs come from customer requests – which reduce our costs considerably.

Distinct product breadth allows the customer significant choice, which – backed by high service levels – further builds consumer confidence, loyalty and trust:

We’ve 450 products and over 25,000 variations. It allows us to meet various customers’ needs on different levels. We’re looking at improving that, so everything will be bespoke. We also supply size 6-36 + : nobody on the high-street can really match that!

Serving a multitude of market sectors, LBW utilizes strong branding – e.g. by incorporating elements of “retail theatre” (Harris *et al.*, 2001) to create a “character site” – addressing traffic in the “first-person”. It is “own-brand” strategies which have emerged as a basis for market positioning success within leading fashion retailers (Jackson and Shaw, 2000):

LadyBWear is written in the first-person, *creating a “persona”* [making it] more personal and more interesting – and again differs from all the other websites/large corporate-sites which are very impersonal. So “LadyB” is a person: feedback from the customers has been very, very good. Because the internet is dealing with a “One-To-One” media – it’s the “corner-shop” philosophy. It’s all about *relationship building*. The corner-shop knows its customers, what they’ll buy and how often. This is how we like to operate our business. Because you are remote online, you have to get the consumer to believe they’re important, that you know them, you’re professional, can service their needs and respond to their specific requests. We respond to emails within one hour and *create a long-term dialogue* with our customers.

This has proved an excellent method for building customer rapport and by integrating customization requests and engaging modifications derived from direct customer feedback – the owner-directors believe trust and loyalty are not only built, but sustained. This is supported by high repeat purchase levels which currently run at “over 80 percent”.

By using reciprocal-linking and affiliation (where firms/individuals/community-groups link to the e-retailer’s web site, earning commission on all purchases made by “referred” customers), along with “opportunity management” (i.e. sourcing innovative product and launching new cyberstores to satisfy niche requirements) online pursuits are furthered. This is significant, since – in terms of

emerging features of organisational designs – it is likely that an increased willingness to seek appropriate alliances and partnerships will affect organisational success (Zimmerman, 1999):

Affiliate marketing is important because it’s something else that binds the network together. We’ve about 60 – on the basis of “orders-placed” not “click-thro’s”. There’s “thousands-of-pounds-worth” of orders through the scheme each month, so it’s not insubstantial ... and it’s developing. Best of all – we keep the customer with this arrangement! We’re also *attached to around 100 “virtual-malls” and thousands of “community-sites”*, with “reciprocal-links” to the personal pages of key people in our target online communities: we get significant referrals from this. With “banner-swaps” too – it’s “win-win” partnershiping.

The final objective required conceptualizing a preliminary framework to guide future research: the concept of “web-weaving” has been developed, to demonstrate a portfolio management approach to transactional e-retail and the strategic benefits are reviewed below.

Conceptual analysis: “web-weaving” framework. Historically, organisations moving online focused on experimental internet strategies (Porter, 2001; Tjan, 2001) and were not set for profit from the outset (Kanter, 2001). Both “pure-play” and “clicks-and-mortar” models gain support from the literature (Poon and Swatman, 1997; Willcocks *et al.*, 2000; Koontz and Gibson, 2002). However, neither form has been explored in-depth from an e-retail, or SMEFE, perspective. The LBW case is of particular interest, in that their business has developed on the principles of a pure-play, multiple-niche e-retail venture, thus providing an excellent example of portfolio development in the e-retail arena. This is significant as, for pure-clicks organisations, success may come from “industry redefinition”. One way to do this is to invent a new business model (Modahl, 2000): key to this may be building customer value in a unique way. The rationale for a pure-play, multi-niche strategy is driven from knowledge of the marketplace and a desire to meet distinct, yet currently un-serviced, customer demands online via a targeted approach. By driving loyalty, building barriers to “switching” and spreading risk across multiple-cyberstores, enterprise longevity becomes a feasible concept for SMEFE:

Once you’ve set-up for one-website – the additional costs of adding sites, serving potentially different niches – even on a global scale, are minimal.

From the case-analysis, a new “web-weaving” approach to e-portfolio management as a growth strategy in SME fashion e-retail has emerged; this conceptualization is shown in Figure 1 and follows a natural evolutionary approach. Web-weaving is the inauguration of multiple transactional cyberstores (i.e. e-portfolio development) to target different niche/specialist fashion customers, utilizing a common technological infrastructure, existing staff, operational/manufacturing structure and management team.

As the enterprise got to know the customer-base better, it was able to further sub-segment the target-base (transvestites, clubbers, big-beautiful-women) and tailor products/marketing-communications accordingly. Close customer relationships highlighted additional un-serviced needs, which led to the development of new web sites: added into the existing technological infrastructure this provided scale-economies, spread risk and allowed marketplace development (MBT-footwear supplied via www.lovethoseshoes.com; catsuits e-tailed through www.catsuitcorner.com).

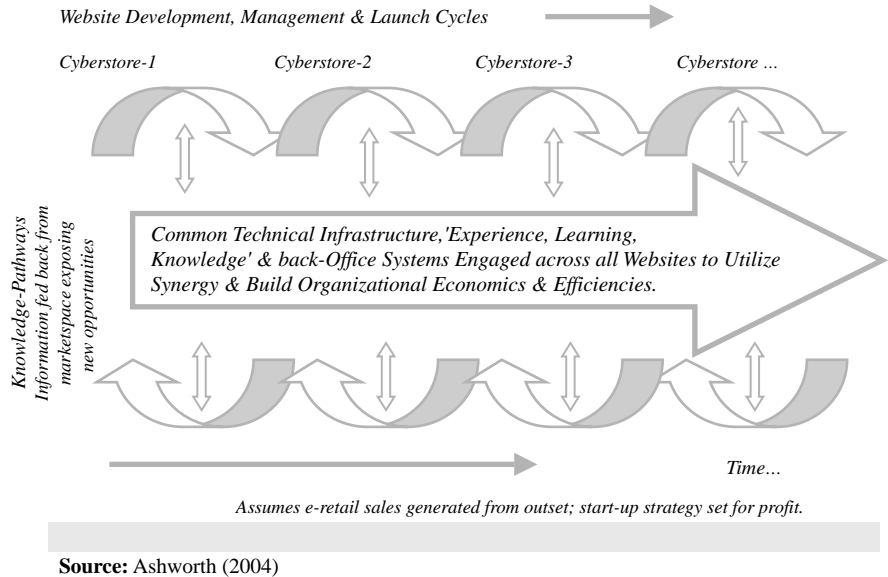


Figure 1.
Web-weaving: a
multiple-niche portfolio
strategy for e-retail

Source: Ashworth (2004)

Building additional affiliations, adding reciprocal-links and engaging in banner-swapping across key communities also enabled viral marketing and significant word-of-mouth referrals to boost each customer base.

As each additional web site is added, feedback from cybershoppers creates an efficient “knowledge-pathway” alerting the enterprise to new opportunities and an “e-infrastructure” is built as “continuous portfolio development” occurs. Each new web site provides valuable market knowledge, experience and additional revenues, which are fed across the basic technological e-infrastructure strengthening and supporting the whole enterprise. This enables risk to be spread across the e-portfolio and allows the firm to recognize and take advantage of new trends and emerging opportunities (as revenues are fed-back to explore/fund new ventures) – building a level of sustainability into operating practices. Similarity may be drawn here with product/organisational-lifecycle models, and the need for new product development (NPD) as a sustainability strategy. Application of a “continuity” strategy is vital in the fashion arena where product-lifecycles are short (Siddiqui *et al.*, 2003).

For LBW, progression has derived from integrating knowledge from the marketspace, generating in-house manufacturing capabilities to create flexibilities in supply, being “close” enough to question the customer and learning gained from fostering links and integrating marketing promotions with leading cyber-communities (e.g. Way-Out Club):

There is nobody between us and the customer. So, we can experiment and play. That’s the thing that’s different. I think we would have less of a chance of being a success if we weren’t manufacturing: that does give us a *unique edge*. We’re adding a level of value to the product that is difficult to do when you’re just buying in.

The fact that this fashion enterprise not only survives, but has been able to generate and sustain profits from the outset, when competitive sites have struggled to break-even over the medium-term, or experienced rapid cash-burn and perished (Jones *et al.*, 2002; Marciniak and Bruce, 2004) – adds support to the “web-weaving” concept as a potentially feasible and sustainable e-retail strategy and worthy of further research.

As perceived by the owner-directors, the *modus operandi* is quite simple: however, it is the sequencing and functioning of the web sites and in utilizing the existing technological infrastructure that drives the primary benefit. Since, the marketplace is fast-developing, timing is crucial and first-mover advantages may be accrued (Vandermerwe and Taishoff, 2000), particularly since the firm seeks to target specialist niches (e.g. transvestite-community; plus-sized women) – which are inadequately serviced by high street retailers (Easey, 2002). With each new web site, the organization derives valuable learning to reinforce the basic infrastructure and benefit all elements within the e-portfolio, further preparing the base for new-sites. Each web site develops incrementally and seeks to fit organisational capabilities with market opportunities, bridging strategic gaps to reach business value. Strong benefits from a flexible approach to strategy are advocated by leading strategists (Eden and Ackermann, 1998; Mintzberg *et al.*, 1998). This intelligent matching of the enterprise to the operating environment may be perceived as reaching a moment of “strategic-fit” (Johnson and Scholes, 1997). Since, each cycle on the route to profit becomes shorter with each launch, and as existing systems and synergies are utilized for each ensuing web site, “web-weaving” presents a useful strategy for SMEFE to “get to the long-term faster”. That LBW has been able to quickly reach and sustain business value online (profitability within six months) opposes current academic work/conjecture (Cheston, 2000; Marshall and Mackay, 2002; Jeffcoate *et al.*, 2002) which suggests that short-term profits are unattainable, particularly within e-retail fashion enterprises.

Since, this analysis presents the findings from a single critical case, further research is necessary to ascertain whether similar principles are experienced in the wider domain. Future research may also explore how “web-weaving” compares with catalogue and existing portfolio retailing concepts and how the development cycle may be allied with models identified in the NPD fields. Nonetheless, potential benefits of this new model are considerable.

“Web-weaving” – strategic benefits

Whilst almost any company can identify useful applications for e-business, it takes a deep understanding of the business, customers, marketplace and competitive environment to identify and leverage profitable opportunities online.

Perceived benefits make the “web-weaving” strategy an attractive proposition: not only does it provide additional revenue but it also acts as a protective buffer between active cyberstores in the portfolio and generates multiple revenue streams, which effectively shelters the firm from the vagaries of the competitive environment and spreads risk, affording a safer, stable (financially more balanced) and increasingly sustainable operating strategy: when typical domain “seasonalities” occur the organization is shielded:

Because we already have the technical know-how – it’s easy to add another site – we just need the idea! We get ideas all the time because we are so close to our customers. So, we can fix/change things quickly with our operation geared in this way. If something isn’t working – we simply change it: we have grown to a point where we employ technical people in-house – so it’s just a case of planning-in and rolling-out.

It has been argued that the infrastructure required to maintain and update a transactional web site creates a cost-barrier for fashion e-retailers (Murphy, 1998). However, given an existing technical infrastructure and short “pay-back” timescales, the cost of adding one more cyberstore is merely an “opportunity cost”. This “opportunity cost” is not meant in economic terms, rather – it is the principle that given the effective infrastructure – the firm need only seek fresh products (alongside satisfactory supply routes) and integrate them into their existing web-weaving infrastructure gaining benefit from prior experience, learning and knowledge (ELK). The cost of designing and adding a new, targeted cyberstore is, therefore, minimal. Delivery channels are also readily engaged – thus the firm can also push (new) products to market rapidly:

Because we are going for multiple-niche markets – with all the different segments out there, I think that we are more sustainable in the long-run.

The fact that the smaller enterprise is far more flexible (Reynolds, 2000) than a larger, more incumbent, firm means that it should be uniquely positioned to take advantage of any presenting marketing opportunities in a shorter time, albeit on a smaller scale:

The beauty and nature of the web is that you can innovate constantly and easily, especially as a small-firm. Our fast-design-cycles are an advantage too. With our fast cycles – we can change direction in hours, literally, so we take advantage of new opportunities very quickly: our in-house manufacturing helps that process. We can get something online within hours if necessary.

Moreover, customer acquisition costs are also reduced via web-weaving:

Around 80 per cent of our customers are repeat-buyers. Most new customers come via referrals from existing customers. So, acquisition costs are very low, which makes it better to manage as a small-business.

Finally, the literature supports the need for an internet strategy fully integrated across the organization (Kanter, 2001; Porter, 2001) – and – by utilizing ELK across the e-portfolio, the firm can compete more effectively, developing incremental economies of scale, previously unavailable to small pure-players. Cultivating such economies is vital, particularly in the case of LBW, where economies are unavailable on the manufacturing or supply-side due to customization and small order quantities. By leveraging ELK and enhancing service delivery to boost customer loyalty and maximise synergy within the business, LBW derive an enviable marketplace position. Thus, “how” (Reynolds, 2002) SMEFEs move online is perceived as essential to future business survival and success, with significant benefits potentially accrued to the specialist/niche e-retailer. Success is cumulatively delivered by a new, more efficient and cost-effective way to conduct business over time.

Conclusions

The aims of this paper were three-fold; firstly, to explore how a small-sized transactional pure-play lingerie e-retailer moved online; secondly, to investigate the critical success factors, or routes, to developing a profitable e-retail venture and within this to examine potential routes to sustainability for the enterprise; and finally, to develop a preliminary conceptual framework to demonstrate the move, operation and development of profitable e-retail, to guide future research.

In conclusion, the LBW case shows that the move online enables achievement of service-based differentiation, by way of a multi-niche e-portfolio management strategy, with a focus on customer convenience and more importantly, value added. The implications of this research indicate that a niche e-portfolio strategy is perceived as defensible, from an owner-director perspective, for sustaining a fashion e-retail enterprise in the current climate of change. However, value must be driven internally (by building in cost-economies and integrating strategy across the e-portfolio) and externally, through developing unique customization principles guided by close monitoring and feedback from the marketspace; and, engaging in partnership agreements with leading, related cyber-communities. Only the inherent “creativity” and “flexibility” of the host firm are perceived to limit success in the marketspace. The advantage of accumulated learning from early branded sites reinforces the need for “web-weaving” within the firm. Moreover, web-weaving allows financial consolidation – a key issue for small firms, since it is far more cost-effective to integrate operations across multiple-cyberstores. By investing in a limited number of carefully planned initiatives, representing different levels of risk and opportunity – and – since classic portfolio strategy is about the selective allocation of limited resources (Tjan, 2001) – building a portfolio of e-retail outlets via web-weaving enables risk to be spread and cost-economies to be derived.

Utilizing the “web-weaving” strategy, benefits are gleaned from: integrating technology/back-office systems, co-staffing, spreading expenditure, rolling strategy and engaging multiple revenue streams. In this case, such consolidation has allowed a “fast-track” to profits. By spreading risk and targeting multiple-niches via “web-weaving” – a route to developing a targeted critical mass and sustainability within SMEFE is laid clear, which could prove a valuable lesson for many small e-retailers and potentially give a framework for development of internet strategy in other marketing domains. Future research should explore this phenomenon within a wider context (Marshall and Mackay, 2002; Reynolds, 2002), and compare the principles of web-weaving with the organisational lifecycle/NPD models and so contribute to the enhancement of e-retail strategic marketing and operational development.

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Further reading

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Corresponding author

Catherine J. Ashworth can be contacted at: CJ.Ashworth@mmu.ac.uk

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