

ASOS.com - Summary

The product life cycle and online fashion

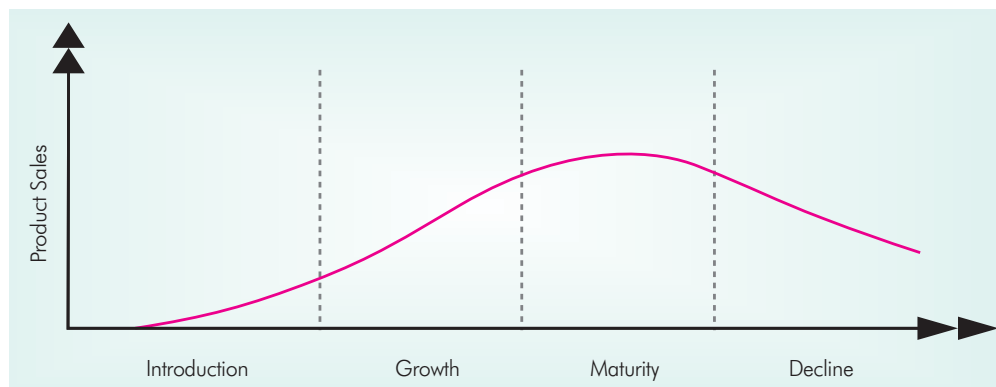
Introduction

ASOS.com is the UK's leading online fashion retailer. It offers own-label, branded and designer fashion products. The online retail industry is fast-moving. ASOS.com uses the product life cycle to ensure its product portfolio continues to meet the needs of its customers and remains up-to-date.

The product life cycle

The product life cycle shows the stages a product goes through over time in relation to its sales. In the fashion industry the cycle is often short as trends and tastes change. For example, an ASOS.com own-brand dress typically follows this sequence:

- Introduction – dress is made available to customers. New items are initially promoted heavily on the website. For example, links to new items are featured on the homepage.
- Rapid growth – the product tends to promote itself as customers see the item in magazines. ASOS.com must ensure it has adequate stock.
- Maturity – ASOS.com will remind people of the product, through, for example, trend features on the website and in the newsletter.
- Saturation – ASOS.com may reduce the price to clear stock and make room for new products.
- Decline – people become tired of the item and trends move on.



Purpose of the product life cycle

Fashion is fast-moving. Individual product life cycles may be seasonable. ASOS.com enjoys an extended product life cycle as the business has a large international market. In the southern hemisphere seasons are opposite to the UK. This combined with the growing trend of holidaying in winter means that items such as swimwear sell throughout the year. Understanding the product life cycle provides greater control. ASOS.com can:

- predict when revenue will flow in and calculate the profitability of products
- plan the introduction and withdrawal of products
- support products through the entire life cycle and plan pricing strategies to extract the most revenue at every stage, for example, promotional discounts, premium pricing or price reductions.



Promotion

Promotion helps ASOS.com inform potential customers about products with the aim of selling to them. ASOS.com is market-orientated. Its Customer Relationship Management system tracks customer details and helps it understand its customers' demographic buying patterns. By analysing what and when customers typically buy, it can target promotions at particular market segments. ASOS.com measures the effectiveness of promotion through Key Performance Indicators.

Extension strategies

ASOS.com seeks to outperform competitors and increase market share. To do this it must be aware of how the life cycle of its product range can be managed and extended to maximise revenues. The Boston Matrix helps ASOS.com to assess the value of different product categories:

- Dogs – poor performers
- Question Marks – new items that may do well
- Stars – items growing quickly
- Cash Cows – good earners.

ASOS.com must manage the Dogs by removing or cutting costs and convert Question Marks and Stars into Cash Cows through promotion.

Conclusion

Fashion is a rapidly moving industry. ASOS.com targets consumers through personalised customer communications. This is an important aspect of its promotion strategy. ASOS.com has continued to enhance its product and service range. By understanding its customers' requirements and the life cycle of its products, ASOS.com can provide a product offering that ensures its customers return.

