


Chapter 12

Development of the Digital Marketplace in the Fashion Industry

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ABSTRACT

The rapid development of business gives access to many business organizations to develop a digital marketplace as a platform to become a global market leader. Digital marketplace is a digital platform that facilitates communications and transactions between many sellers and buyers. Developing the digital marketplace is widely used by many business companies to grow their business to attract many local and international customers in order to generate more revenue and maximize values. This chapter presents some development of digital marketplace focusing on the fashion industry. It assessed advantages, disadvantages, and some challenges in the digital marketplace such as managing the growth of the business and customer trust. Among all the products that are purchased online, fashion items are the most famous as many people purchase their clothes through online shopping. The chapter highlights Zalora and FashionValet, the largest and fastest-growing fashion in Southeast Asia.

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INTRODUCTION

With the rapid growth in e-business activities, many technopreneurs begin to develop digital marketplace as a business platform accessible either from Apps or Web. Digital marketplace is an advancement from e-business that has been around since the last few decades starting from the emergence of e-commerce. E-business is the buying and selling of products using electronic devices such as mobile phones, computers or tablets in the presence of internet connection. According to Sawhney and Zabin (as cited in Wu, Mahajan & Balasubramanian, 2003), they defined e-business as the use of electronic networks and associated technologies that enable, improve, enhance, transform or invent a business process and system to create superior value for potential customers. The aim of the business is to locate a niche shop and focus to become the leader in that shop (Vu, 2013). These will help to improve the productivity and value of a business, government, and other business organization agencies. E-business consists of a system for processing business transactions and processes in a way to support the company such as the creation of sources of information, movement information through a global network, an efficient and effective interaction among producers, customers, intermediaries and sellers (Izzah, Rifal & Yao, 2016). However, in the world of e-business, there would be more problems encountering the companies every year as the world of e-business become more challenging when there are more competitors surrounding their business environment. The number of online stores has increased among online business owners to attract customers by offering a wide range of promotions (Faeni, 2016). In e-business systems, one has to consider all aspects of the problems in business, functional, customer behavior, and IT resources (Menasce, 2000).

Digital marketplace is a complex 'e-business's type running in the platform where product or service information is provided by multiple third parties and transactions are processed by the marketplace operators. The third parties can be companies, vendors, independent sellers, and businesses. The digital marketplace acts as a platform for the two distinct groups which are the buyers and sellers in the context of two-sided markets. Two-sided networks, another term of two-sided markets are platforms that can aid in the interactions between distinct but interdependent groups of users, such as buyers and suppliers (Rochet & Tirole, 2003), in whom the platform of two-sided networks plays a critical role in the current business environment (Bughin et al, 2010).

As the digital marketplace started to improve over the year, many business companies started developing digital marketplace as a platform not only to advertise their products and introduce more brands locally but make it more well-known to international customers. A leading digital marketplace focusing on the Fashion industry is Zalora and FashionValet. They become widely popular in this era as most people prefer to do online shopping directly from mobile devices as it is much easier rather than going to the shop. Zalora is Asia's top online fashion destination in this era of 21st-century business. They are the largest and fastest-growing fashion which focused the e-business site in Southeast Asia countries. It was founded in early 2012 which can be found in many different countries such as Singapore, Brunei, Malaysia, Indonesia, Philippines, Thailand, Hong Kong, Vietnam, and Taiwan.

This study focuses on the review of the digital marketplace in the fashion industry: advantages and disadvantages, how to improve the innovation and competitiveness of the digital marketplace, and challenges of the digital marketplace. It seeks business models, innovation and expansion strategy to tap the lucrative digital market in especially in the Fashion industry. The objective of this study was to examine the current situation regarding the potential of the digital marketplace in supporting sustainable business in the Fashion industry and identify strategies of the digital marketplace as a platform for business to

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