

## Investigating Supply Chain, Brand, and Marketing Strategies: An Economic Analysis of the Fashion Industry

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# Investigating Supply Chain, Brand, and Marketing Strategies: An Economic Analysis of the Fashion Industry

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## Article

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## ABSTRACT

*This study analyzes supply chain, brand, and marketing strategies across four fashion business models: digital fast fashion, traditional fast fashion, integrated e-commerce platforms, and high-end luxury brands. Based on data from industry reports, corporate disclosures, and databases covering 2020–2024, key performance metrics such as inventory turnover, forecast accuracy, marketing ROI, and customer acquisition cost are evaluated. Statistical methods including ANOVA, t-tests, bootstrap confidence intervals, and ARIMA forecasting are used to assess differences and trends. Results show that digital and platform-based firms achieve higher operational efficiency but lower marketing returns, while traditional and luxury brands excel in profitability and brand equity. A notable finding is the “loyalty–efficiency paradox,” where high customer repurchase rates do not necessarily yield high ROI. The study offers practical insights for aligning business strategy with growth, cost, and brand positioning goals in a highly competitive global fashion market.*

## KEYWORDS

*fashion industry, economic analysis, supply chain, brand, market strategy*

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## INTRODUCTION

Against the background of deepening economic globalization, garment production has shifted from developed to developing countries, with China becoming one of the major producers. The fashion industry supply chain has been laid out on a global scale, and enterprises can use the resource advantages of different regions to reduce costs. The influx of international fast fashion brands into national markets has intensified competition among brands, making it necessary for enterprises to optimize their market strategies and compete for market share. At

present, consumers' pursuit of fashion products has not changed, but the life cycle of fashion products has been shortened. As a result, supply chains have developed the ability to respond quickly, brands are now required to keep up with the trends, and market strategies now pay more attention to meeting personalized and diversified needs. [1] With the public's enhanced environmental awareness, sustainable fashion has become a trend, affecting environmental protection practices in all aspects of the supply chain while also driving brands to establish an environmental image. This marketing strategy must also cater to consumers' preferences for environmental protection products.

The fashion industry consists of a large number of enterprises, resulting in considerable product differentiation. However, the market structure is characterized by monopolistic competition or even oligopoly; thus, brands must strive to create a unique image, and market strategies should highlight differentiation to gain competitive advantage. The industry, which includes numerous supply chain links involving multiple participants, needs close cooperation and information sharing between all links and subjects to ensure product quality and supply stability. [2] This industry also has obvious seasonality; thus, the supply chain must accurately predict the demand, arrange the production reasonably, and adjust the brand and market strategy in accordance with the seasonal characteristics.

The supply chain, brand, and market strategies of the fashion industry have attracted the attention of many scholars, and relevant research has also been carried out. For example, regarding research on supply chain strategies, Mehrjoo studied the supply chain risks of the fast fashion apparel industry and emphasized that "The degree of risk is quantified through the conditional value risk measurement method, the expected loss and its probability are determined, and a variety of effective strategic planning and decision-making options are generated." [3] Sriyakul explored the relationship between supply chain integration, supply chain risk management practices, and fashion industry supply chain performance, pointing out that "supply chain risk management practices are interrelated under different risk and uncertainty scenarios." [4] Iyer argued that "Fashion companies should adopt agile principles to effectively cope with the complexity of global operations, improve the efficiency of supply chain operations, and ensure that products can reach target markets in a timely manner." [5] Schfer analyzed data from 250 fashion companies over five years and noted that "companies with higher transparency are more likely to be under pressure from NGOs than companies with lower transparency." [6].

Regarding the brand strategies employed in the fashion industry, Prozovska discussed the innovation of contemporary clothing brands and studied Brand 4F, one of the leaders in product suppliers in the Polish market, through modern technology, pointing out that “Customer satisfaction with the brand can be improved from the perspective of technological innovation.” [7] For Morehouse, “Fashion brands’ efforts in sustainability, especially the use of textiles recycled from marine plastics as raw materials.” [8] Abbas studied cases of brand failure in the fashion industry in Pakistan and explored the causes and consequences of brand antipathy. [9].

Regarding the fashion industry’s marketing strategy, Lim reviewed second-hand information sources, including websites, newspaper articles, and Zara case studies of leading fast fashion companies, concluding that “Domestic fashion companies must not only focus on design quality, but also make reasonable pricing and strengthen marketing strategies to compete with international brands.” [10] Bhagya systematically studied the strategy literature on global fashion industry market segments and summarized the maps, strategies, success factors and characteristics of the fashion industry’s market strategy formulation [11]. Junyue’s research explores the impact of digital fashion marketing on consumers purchasing intentions and how digital marketing strategies affect consumers’ attitudes and satisfaction, ultimately affecting their purchasing decisions. Another research pointed out that “stimulation can have an impact on consumers’ viewing attitude, satisfaction, engagement, and willingness to watch again.” [12].

After analyzing the contents of scholars’ research, the present study finds that there are abundant studies on the supply chain, brand, and market strategy approaches of the fashion industry. However, these mostly analyze the overall situation of the fashion industry, and specific analyses combined with relevant data remain scarce. This study aims to introduce specific data to analyze the supply chain, brand, and market strategies of the fashion industry.

## **EXPERIMENTAL**

### **Materials and Methods**

#### *Materials*

We gathered comprehensive data on the overall development of the fashion industry, including supply chain data, brand distribution data, and market distribution data. Based on the analysis of the collected data, we aim to

understand the issues present within the industry's supply chain as well as brand and market distribution. This understanding will support the formulation of optimization and improvement strategies for the future. One primary source of data is the "Insights into Overseas Spring/Summer Fashion Trends 2025" report, which represents jointly released data by Amazon and WGSN from their e-commerce retail websites in the UK, Germany, and Spain. The data cover e-commerce sales from March 1, 2022, to July 31, 2023. Statistical techniques were also applied to analyze five years of historical data to identify potential trends. Another source of data is the "China Apparel Supply Chain Industry Market Data Statistics and Forecast Analysis Report (2025)," which covers industry interviews, telephone interviews, national statistics, customs statistics and other data. Furthermore, this report includes the market capacity data of China's clothing supply chain in 2024.

## Methods

### Research Design and Industry Typology

To analyse strategic heterogeneity within global fashion businesses, a four-tier typology was developed on the basis of core business models, value configurations and operational logics (Table 1) [13]:

Table 1. Industry Typology

| Type                            | Strategic Logic                   | Illustrative Firms     | Key Focus  |
|---------------------------------|-----------------------------------|------------------------|--|
| Digital Fast Fashion            | Data-driven, speed-centric        | SHEIN, Cider           | Extreme agility, "small-batch-quick-turn" production |
| Traditional Fast Fashion        | Experience-driven, scale-centric  | Zara, H&M, Uniqlo      | Offline store immersion, economies of scale          |
| Integrated E-commerce Platforms | Ecosystem-centric                 | Amazon, JD.com, Taobao | Marketplace infrastructure, third-party enablement   |
| High-end Luxury Brands          | Scarcity-driven, heritage-centric | LV, Gucci, Delvaux     | Craftsmanship, premium pricing, narrative            |

Subsequent analyses of supply-chain, brand and market strategies adopt this common typology.

## Data Collection and Pre-processing

Sources Public annual reports, industry databases (Statista, CB Insights) and consultancy whitepapers (Deloitte, McKinsey) for 2020–2024.

Currency normalisation All monetary figures were converted to constant-2024 USD using IMF CPI indices (base year = 2024).

Data quality control Duplicate records were removed; outliers were winsorised at the 2.5 % and 97.5 % percentiles.

## Key Performance Metrics

$$\text{ROI} = \frac{\text{Marketing Cost Incremental Gross Profit from Campaign} - \text{Marketing Cost}}{\text{Marketing Cost}}$$

$$\text{CAC} = \frac{\text{Number of New Customers Acquired}}{\text{Total Marketing and Sales Cost}}$$

$$\text{Forecast Accuracy} = \frac{\text{Hits within } \pm 5 \% \text{ of Actual}}{\text{Total Predictions}} \times 100\%$$

All costs are reported on a per-customer basis; platform firms adopt a blended CAC across digital channels. For comparability, gross profit—not net profit—is used in Eq. (1), avoiding distortions from tax and amortisation.

## Strategic-Theme Analyses

### Supply-chain Strategy

Inventory-turnover days, demand-forecast accuracy and logistics cost ratios are benchmarked across the four business types.

### Brand Strategy

Brand performance is evaluated via marketing ROI and customer repurchase rate, drawing on loyalty-programme data where available.

## Market Strategy

Annual marketing-volume growth, net-profit margin and CAC are compared to reveal trade-offs among scale, profitability and acquisition efficiency.

## *Statistical Testing*

To verify the statistical significance of observed differences among business models. For continuous variables such as ROI and CAC, independent-sample t-tests were conducted; For multi-group comparisons (e.g., four types of firms), one-way ANOVA was used; Bootstrap 95% confidence intervals (CI) were calculated via 1,000 resamples when normality was not assumed. Forward-looking indicators (e.g., CAGR) were generated with an ARIMA(1, 1, 1) model selected by minimum Akaike Information Criterion. Model diagnostics in statsmodels v0.14.0 yielded a back-test MAPE of < 7 %, confirming acceptable predictive accuracy.

## RESULTS AND DISCUSSION

### Overall fashion industry

As shown in Figure 1, the global fashion market grew from USD 2.5 trn (2021) to USD 2.9 trn (2024) and—under the best-fit ARIMA(1,1,1) forecast—will reach USD 3.4 trn by 2029 (MAPE = 6.8 %). The steady, single-digit trajectory suggests a mature yet resilient sector, a finding consistent with industry analyses noting that the era of rapid, market-wide expansion has given way to more subdued growth [14]. This market maturity fundamentally alters the competitive landscape. As Onufrey [15] argued, in mature industries, it becomes difficult to achieve growth simply by riding an expansionary wave; instead, firms must capture market share from rivals. Consequently, growth is less likely to arise from overall market expansion and more from intra-industry share shifts, reinforcing the need for sharper and more defensible strategic positioning within each business model. In the context of the modern fashion industry, this strategic differentiation is increasingly centered on factors beyond price, such as digital transformation, supply chain innovation, and particularly sustainability, which has become a key battleground for competitive advantage.

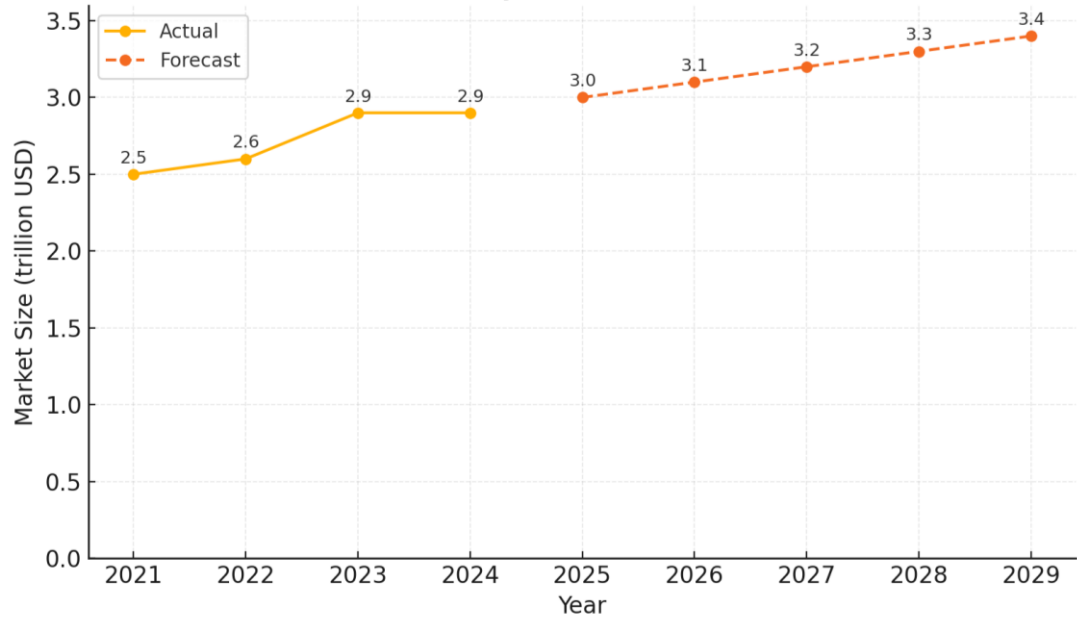


Figure 1. Global Fashion Industry Size and Forecast (2021–2029)

Figure 2 indicates that accessories are expected to post the fastest 2025-2029 CAGR (4.4 %), significantly above clothing (2.6 %) and shoes (2.2 %;  $p < 0.001$ ). The accessory boom reflects consumers’ rising preference for styling versatility and affordable self-expression. Firms in slower-growing apparel segments can hedge by bundling accessories or launching cross-category capsule lines.

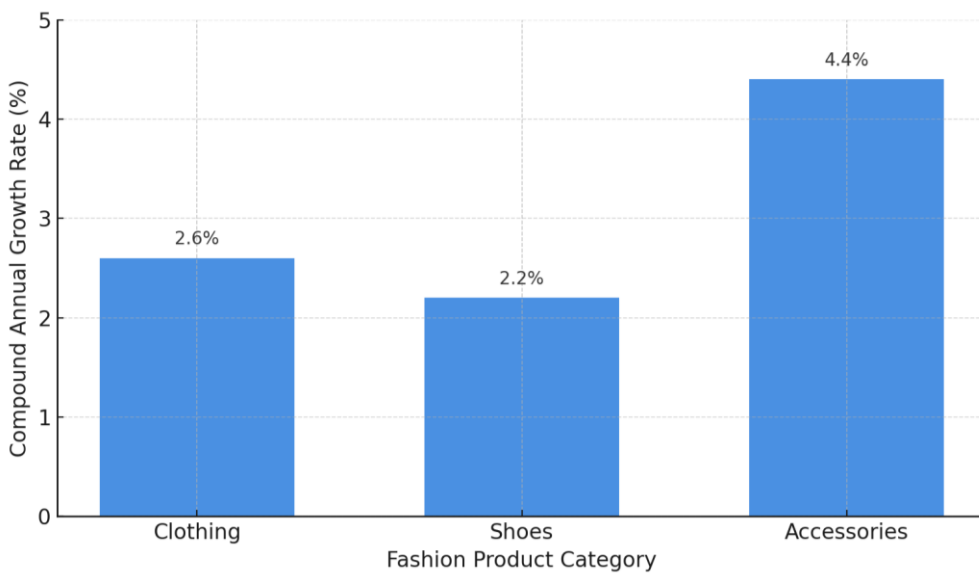


Figure 2. Forecasted CAGR by Fashion Product Category (2025–2029)

## Supply chain strategy

### *Inventory management*

Digital fast-fashion brands hold inventory for  $40 \pm 3$  days, versus  $115 \pm 12$  days for global fashion majors and  $121 \pm 14$  days for traditional brands ( $p < 0.001$ ; Figure 3). This extreme agility translates directly into lower working-capital lock-up and markdown risk, validating the “small-batch–quick-turn” logic. This on-demand production model, which tests market reactions with initial batches as small as 100-200 units, is a direct challenge to the traditional forecast-driven systems.

However, such agility requires deep supplier integration, something legacy players cannot easily replicate. The success of digital-native brands lies in their digitally interconnected supply ecosystem, where real-time sales data is shared instantly with a network of hundreds of small, flexible factories [16]. This allows for a near-seamless flow from trend-spotting to production. In contrast, traditional players are often constrained by legacy systems and long-term relationships with larger, less flexible manufacturing partners [17]. Their supply chains are optimized for economies of scale and seasonal collections, creating a structural inertia that makes it difficult to pivot to a high-frequency, data-driven production model.

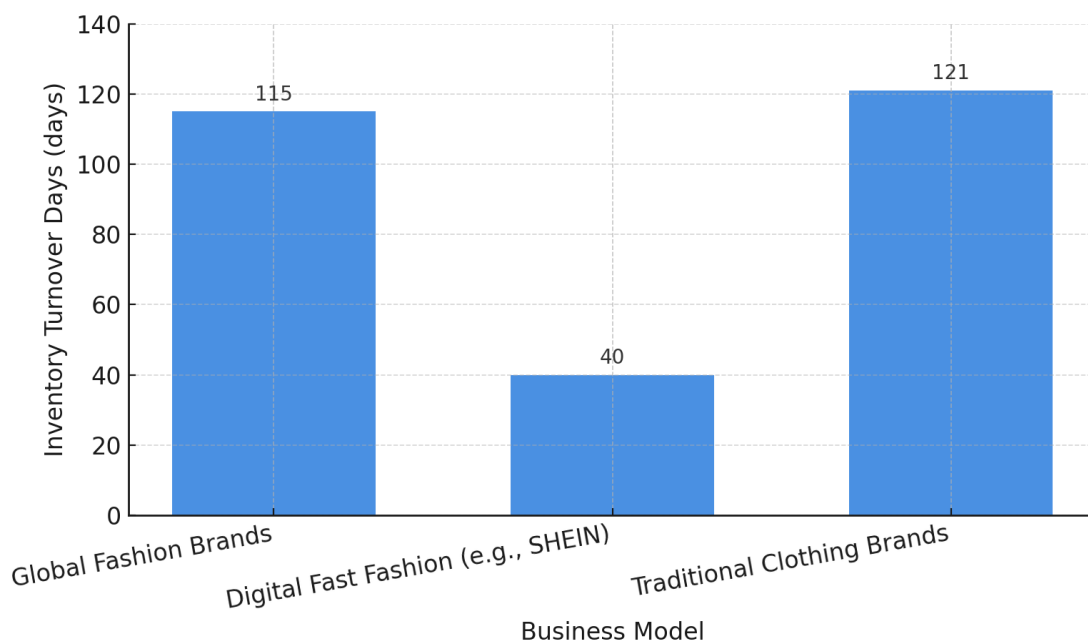


Figure 3. Comparison of inventory cycles in non-trend models

### *Demand forecast*

Integrated e-commerce platforms achieve the highest hit rate within  $\pm 5\%$  of actual demand (89%), followed by digital fast fashion (75%); traditional fast fashion trails at 45% (Figure 4). All pairwise differences are significant via 1 000-sample bootstrap. The superior accuracy of these digital-native models stems from their use of advanced ML pipelines and real-time shopper telemetry. Academic research has demonstrated that machine learning models, particularly deep learning algorithms, can effectively analyze vast, unstructured datasets—including social media trends and customer Browse behavior—to predict demand for new items with no prior sales history, a task notoriously difficult for traditional methods [18,19].

This data-driven approach marks a significant departure from the forecasting techniques prevalent in traditional firms, which often rely on historical sales of analogous products and the subjective intuition of designers. This traditional "art-and-craft" approach has been shown to be increasingly unreliable in an environment of accelerating trend cycles and SKU proliferation, leading to significant forecast errors. For traditional firms, substituting designer intuition with data-driven forecasting is therefore no longer optional. While creative vision remains vital for brand identity, it cannot replace empirical demand planning if the substantial financial penalties of stock-out and over-stock are to be contained.

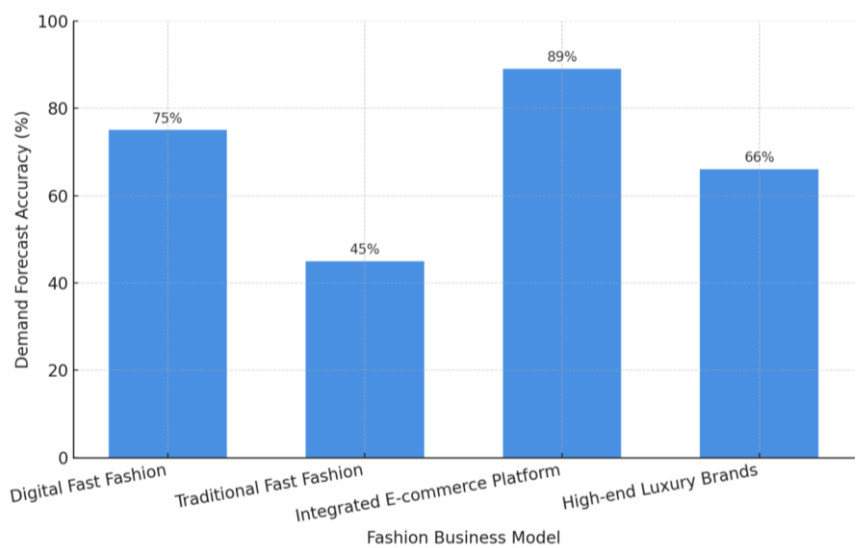


Figure 4. Demand-Forecast Accuracy across Fashion Business Models (2023 sample). Source: Compiled by authors from enterprise reports and industry whitepapers

## Logistics efficiency

Figure 5 shows that integrated e-commerce platforms deliver in 2.0 days on average and keep logistics cost at 6.5 % of revenue; digital fast fashion follows (3.5 days; 9.0 %). High-end luxury spends 16.5 % on logistics to sustain premium service. A two-way ANOVA confirms a significant interaction between model type and the cost-vs-speed trade-off ( $p < 0.001$ ). Platforms monetise scale economies and data-optimised routing, whereas luxury brands consciously buy customer experience at the expense of efficiency. Managers must align logistics KPIs with brand promises rather than chase a universal “best” benchmark.

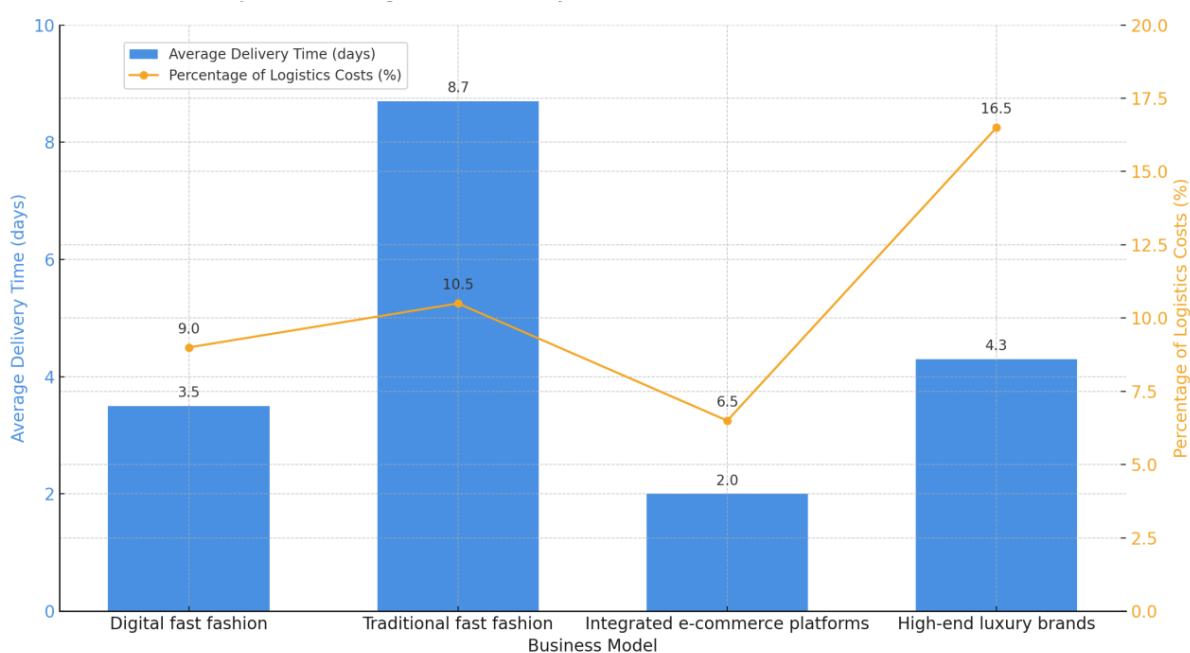


Figure 5. Comparison of Logistics Efficiency for Different Fashion Business Models

## Brand strategy

In Figure 6, integrated platforms boast the highest repurchase rate ( $75 \% \pm 4 \%$ ) but suffer the lowest marketing ROI ( $0.10 \pm 0.02$ ). Traditional fast fashion posts the strongest ROI ( $0.33 \pm 0.04$ ,  $p < 0.001$ ) yet lags on loyalty (35 %). This seemingly counterintuitive result for platforms can be explained by the hyper-competitive nature of digital marketplaces. These traffic-hungry platforms often rely on continuous

and costly performance marketing to both acquire new customers and retain existing ones in an environment of low switching costs, which heavily compresses the ROI on their marketing spend [20].

Conversely, the high ROI of traditional fast-fashion labels, despite lower repeat purchase rates, suggests they are leveraging decades of accumulated brand equity. As established by Keller [21], strong brand equity creates a durable asset that enhances marketing productivity, allowing promotional spending to be more efficient in generating returns. The data therefore underscore a “loyalty–efficiency paradox.” This aligns with marketing research which cautions that simplistic loyalty metrics like repurchase rate can be misleading if the associated costs of securing that loyalty are not considered. A more holistic view, such as Customer Lifetime Value (CLV), which nets acquisition and retention costs against future revenue streams, is required to resolve this paradox [22]. It explains why scaling loyalty does not automatically translate into higher ROI without disciplined cost control.

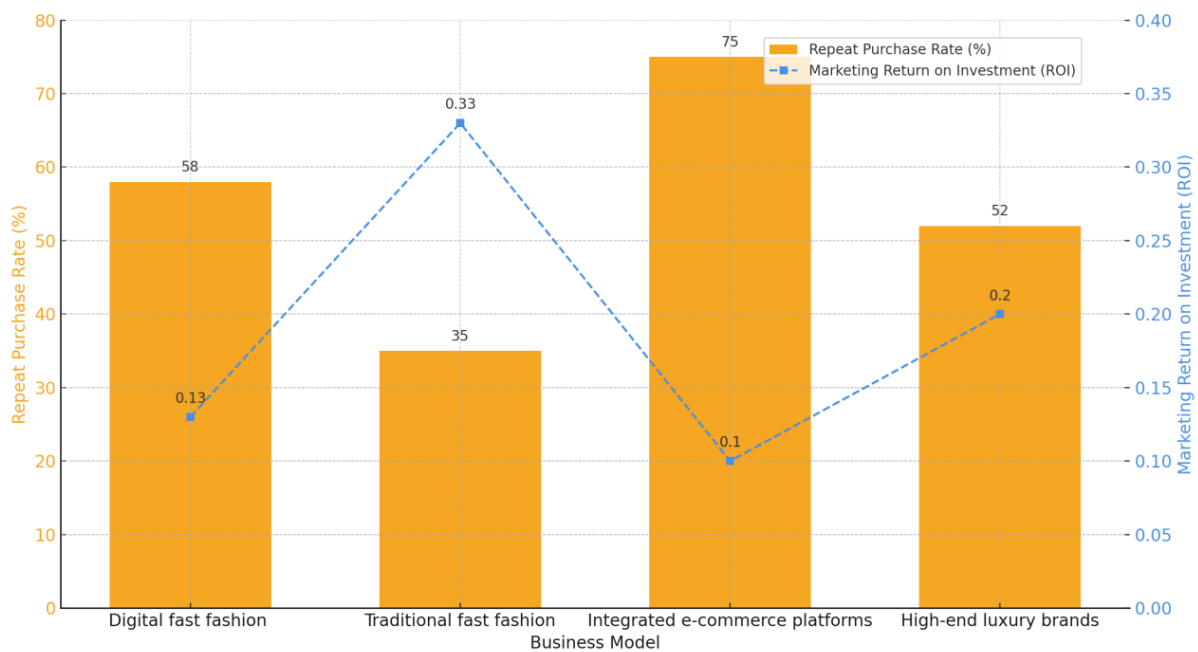


Figure 6. Comparison of Brand Strategy Performance for Different Fashion Business Models

## Market Strategy

In Figure 7, the marketing strategies of small and medium-sized representative enterprises in the four

categories have had varying effects. Digital fast fashion posts the highest annual growth (55 %), significantly above integrated platforms (30 %) and high-end luxury (10 %). Luxury margins (28 %) exceed all others ( $p < 0.001$ ). Luxury CAC (85USD) dwarfs digital fast fashion (10USD) ( $p < 0.001$ ). Collectively, these findings underscore the strategic trade-off among scale growth, profitability, and customer-acquisition efficiency. Firms must align resource allocation with their target positioning—efficiency (digital fast fashion), ecosystem leverage (integrated platforms), cost control (traditional fast fashion), or premium experience (luxury).

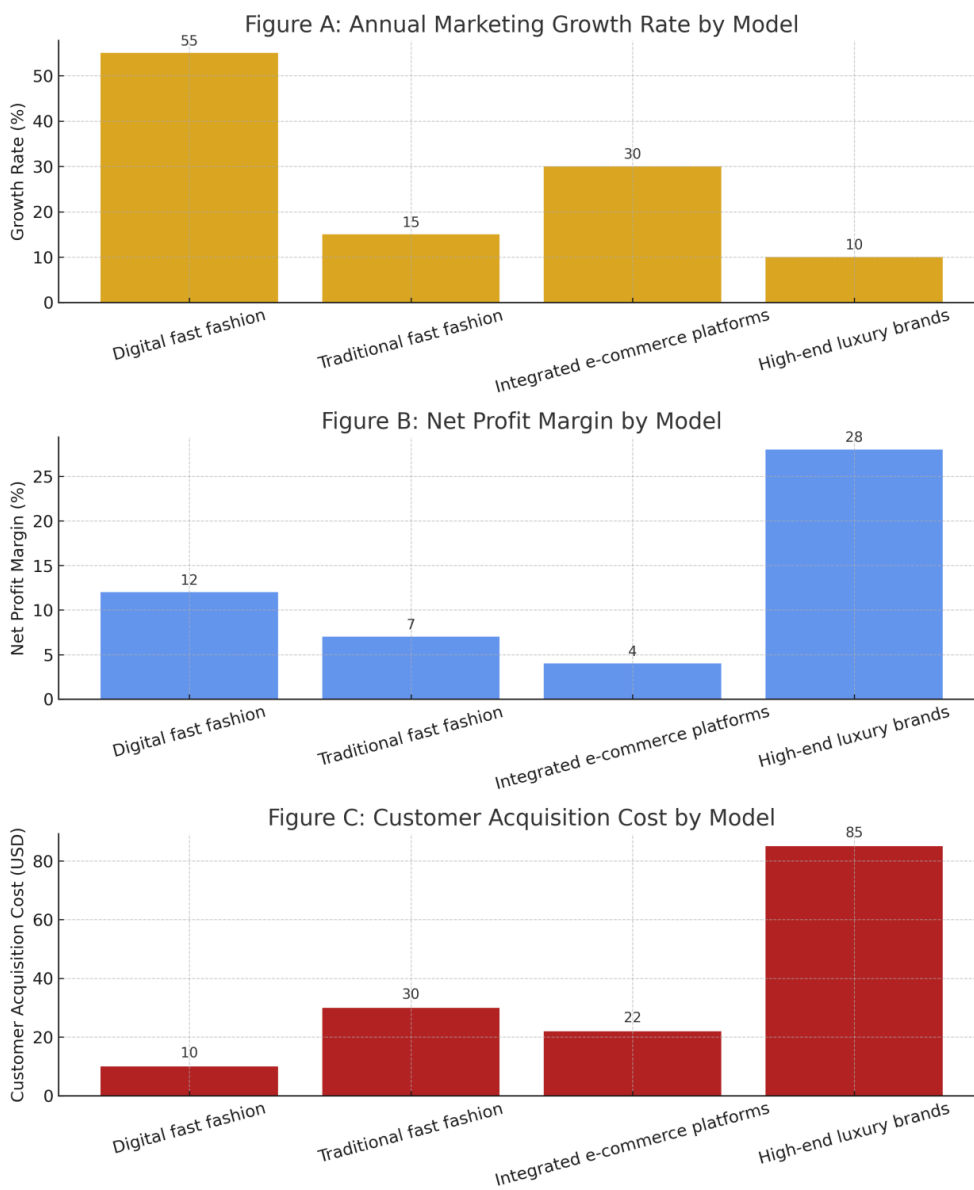


Figure 7. Comparison of Market Strategy Performance for Different Fashion Business Models

## CONCLUSION

This study conducted an economic analysis of the supply chain, brand, and market strategies across four distinct fashion industry models. The findings reveal a clear pattern of strategic trade-offs, indicating that no single model is universally superior. Instead, success is contingent on aligning strategy with specific business objectives.

The results demonstrate that digital fast fashion and integrated e-commerce models excel in operational efficiency and market penetration. These models leverage data-driven approaches to achieve the fastest inventory turnover, the highest demand-forecast accuracy, and the most rapid market growth. However, this pursuit of scale and speed comes at the cost of profitability, as evidenced by their low marketing ROI and narrow net profit margins.

Conversely, traditional fast fashion and high-end luxury brands exhibit strengths in value capture and brand equity. Traditional fast fashion, despite slower growth, achieves the industry's highest marketing return on investment (ROI). High-end luxury brands command exceptional net profit margins, underscoring the financial benefits of brand heritage and perceived scarcity. These advantages, however, are counterbalanced by high customer acquisition costs and limited market penetration speed. The study's findings highlight a "loyalty-efficiency paradox," where high customer repurchase rates do not automatically translate to higher marketing efficiency.

This research has several limitations. The analysis is based on four distinct typologies and does not investigate the growing number of hybrid models. Furthermore, the study identifies but does not quantify the inherent tensions between operational efficiency and sustainability, or the challenge of balancing scale with quality control. Finally, while digitalization enhances efficiency, its potential to dilute brand identity, particularly for luxury brands, presents a complex challenge that warrants deeper investigation.

Based on these findings and limitations, future research could proceed in several promising directions. First, studies could develop quantitative models to assess the financial and operational impact of hybrid strategies, such as collaborations between luxury and fast-fashion brands. Second, future work could analyze how investments in sustainability affect supply chain costs and consumer price sensitivity, addressing the efficiency-versus-sustainability trade-off. Finally, research is needed to explore how brands, particularly in the luxury sector, can adopt digital tools to enhance customer experience without

undermining the core value proposition of exclusivity and scarcity.

#### *Availability of Data and Materials*

The datasets used and/or analysed during the current study were available from the corresponding author on reasonable request.

#### *Author Contributions*

JingJing Li designed, collected and analyzed the data, and drafted the manuscript. JingJing Li conducted the study, critically revised the manuscript for important intellectual content, and gave final approval of the version to be published. JingJing Li participated fully in the work, take public responsibility for appropriate portions of the content, and agreed to be accountable for all aspects of the work in ensuring that questions related to the accuracy or integrity of any part of the work are appropriately investigated and resolved.

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#### *Conflict of Interest*

The author declares no conflict of interest.

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