

# Discussion on Market Segmentation and Marketing Strategy in Hanfu Economic

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**Abstract.** With popularity of Hanfu culture, more and more people know and are fond of Hanfu. Hanfu has gradually become popular from the once niche clothing, and more and more people are willing to buy and wear Hanfu. Therefore, the scale of Hanfu industry is growing. Due to increase in brands and products in the industry, the products that customers can choose from have also increased, and many Hanfu stores have also encountered challenges, and the competition has become increasingly fierce. This article segments different customers depend on different buying motivations, and analyses some competition situations encountered by Hanfu stores, and give some suggestions for Hanfu stores' marketing strategies

## 1 Introduction

Hanfu is also known as *Han Clothing*, means Chinese clothing. It does not specifically refer to the clothing of the Han Dynasty, but is obviously different from the traditional clothing of the Han nationality of other ethnic groups [1]. From the Three Emperors and Five Sovereigns in ancient China to the end of the Ming Dynasty (the middle of the 17th century AD), the traditional clothing worn by the Han people for thousands of years is called Hanfu [2]. With the revival of Hanfu culture, people have paid more attention to Hanfu and increased the cultural audience of Hanfu [3]. So, the Hanfu industry is slowly developing, and many stores will also sell improved Hanfu. Compared with the renaissance Hanfu that completely restores the ancient clothing, improved Hanfu refers to retaining the style and shape of the original Hanfu, and making some modern improvements that are easy and convenient to wear in modern daily life. Even though some stores still insist on making restored Hanfu, improved Hanfu accounts for a large proportion of the Hanfu market. There were few stores in the early stages' Hanfu market, which belonged to niche clothing. Normally, stock quantities of early stages' Hanfu market

is not very large, and the sales volume is relatively small. The Hanfu stores in early stages were all sold by e-commerce. With the vigorous development of the Hanfu industry, Hanfu sales have gradually transformed into a new retail model: an online + offline integration model [4].

## 2 Figures Classification of different types of Hanfu stores and segmentation of customers in the Hanfu market

### 2.1 For Classification of Hanfu stores

In the early days, due to the unpopularity of Hanfu culture, the Hanfu market was small, and some people even considered it to be the same type of clothing as artistic performance costumes. Therefore, the number of customers who bought Hanfu was very small, and most of the early customers were fans of Hanfu. The motivation for buying Hanfu is relatively simple: just be fond of it. Hanfu store refers to a store that specializes in selling Hanfu. According to situation, Hanfu stores can only be classified by price, see Table 1.

**Table 1.** Segment of customers in the Hanfu market in early stage at different prices.

| Price             | ≥1000 yuan/outfit  | 500-1000 yuan/outfit  | 200-500 yuan/outfit  | 50-200 yuan/outfit  |
|-------------------|--|---|--|---|
| Customers' traits | More attention to the restoration of shape, pattern, and fabric. Delays are acceptable, but the quality is extremely high. | Good quality and shape. Can't procrastinate. Don't concern restoration. Need embroidered. | High quality and low price. Don't concern restoration. Don't care embroidery.                        | Only care price, not care quality. Don't care about restoration.                          |
| Clothes' traits   | Customized with expensive fabrics, the clothing good texture. Price does not match the quality in some stores.             | Normally sold in brand stores, and the quality is good. More embroidery.                  | Printed patterns in clothes, the quality is better; embroidered in clothes, quality is very average. | Quality is below average. As an artistic performance costume, it has more cost-effective. |

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When Hanfu culture was not so popular, it was difficult to classify Hanfu stores, but when the Hanfu industry was more mature, they could be divided into the following categories: luxury customize stores, brand

stores, inexpensive stores, small workshops and internet celebrities' stores. The characteristics of these five types of stores were analysed and compared, as shown in Table 2.

**Table 2.** The five classification of stores and their characteristics when the Hanfu market is relatively mature.

| classification                                   | luxury customize stores   | brand stores  | inexpensive stores  | small workshops  | internet celebrities' stores.  |
|--|---|---|---|--|--|
| Price  | ≥2000 yuan  | 200-3000 yuan   | < 500 yuan  | 500-3000 yuan  | 200-5000 yuan  |
| Whether to customize                             | Yes   | No  | No  | Yes  | Some stores can be customized  |
| Traits of Hanfu                                  | Restoration of Hanfu that has historical evidence. The shape, pattern and fabric will be more restored. Overall quality is good | Well designed. Some restoration. Most are improved Hanfu with traditional patterns or embroidery, combined with modern aesthetics. The quality is better. | Most of them are improved Hanfu. Quality and price match. | The style and color are exaggerated. Only suitable for taking pictures. All improved. Qualities and prices do not match. | The style and color are exaggerated. Suitable for taking pictures but cannot worn in daily life. All improved. Qualities and prices do not match for most clothes. |
| Whether have late shipment                       | High probability  | less likely   | less likely   | Basically will   | high probability   |
| Whether have offline stores                      | Yes   | Yes   | Yes   | No   | No   |
| Accept 7days returns for no use                  | No  | Yes   | Yes   | No   | Most of can  |
| Consistency between pictures and actual objects  | Yes   | Yes   | less inconsistent   | Almost all   | Most of them have inconsistent   |
| deposit, final payment                           | Yes   | No  | No  | Yes  | Some of them use this way  |
| Customer's willingness to purchase again         | High  | Relatively High   | Relatively High   | Low  | Relatively Low   |
| Different types of customers (Based on part 2.2) | Professionals   | Shoppers, Explorers, Pre-professionals  | Shoppers, Explorers, Occasionalists                       | Shoppers, Occasionalists   | Shoppers, Explorers, Occasionalists  |

Luxury customized stores generally have higher prices, and sell restored Hanfu with historical style. For all customers who are willing to buy Hanfu, luxury customize stores have relatively high brand awareness, but low purchase intentions. Because the price of this

kind of store is high and the restoration Hanfu's patterns are not popular with young people;

Brand stores are generally Hanfu brand stores that have been established for more than ten years. The quality of Hanfu is good, and the patterns are relatively innovative but conform to aesthetics of traditional Chinese culture;

Normally, inexpensive stores will sell a lot of relatively inexpensive Hanfu, and generally the whole set will not exceed 500 yuan. The embroidery and the quality are average. This type of store follows the route of small profits but quick turnover;

Small workshops are generally small private online stores without offline stores. Since there were very few customers who bought Hanfu in the early stages' market,

most of Hanfu shops were small workshops, which in early stages' market are profitable because the bargaining power of customers was insufficient. The clothes made by ordinary Hanfu stores which design is average, and most customers do not have enough budget to buy clothes in luxury customize stores. In the later period, with the increase of various Hanfu stores, the sales of small workshop stores decreased;

Internet celebrities' stores are Hanfu stores opened by Internet celebrities. The owner of this kind of store is an Internet celebrity, and most of the Hanfu sold are only suitable for taking pictures and the prices are relatively high. In the early stages' Hanfu market, many Hanfu stores opened by Internet celebrities had almost the same operating model as small workshop stores. The only difference was that the boss was an Internet celebrity. Many buyers of Internet celebrity stores are fans of Internet celebrities. They only make purchases after getting to know Internet celebrities through platforms such as Weibo and Bilibili.

## 2.2 Segment customers by purchase motivation

Hanfu culture becomes more and more popular, many young people are willing to buy Hanfu. Most young people also wear Hanfu in order to catch up with the trend, and the reasons for buying Hanfu have become complicated. In addition, people with different purchasing motivations have different perceptions of Hanfu styles, fabrics, and prices. In general, with the gradual popularity of Hanfu culture and the increase numbers of Hanfu stores, customers who buy Hanfu can be divided into the following five categories.

### 2.2.1 Professionals

Professionals meaning customers who enjoy manufacturing. This type of customers pay attention to the purchase of restored Hanfu with historical evidence: from the restoration of patterns, fabrics, shapes and cuts. Their budget is high, and their requirements are also extremely high, and their knowledge reserve for Hanfu is very complete. Professionals may not recognize Hanfu without comprehensive historical evidence to real Hanfu. Professionals also do not approve of some improvements that are convenient to wear. The frequency of Professionals purchases is average. But when they spend money to buy, they will choose good fabrics and the sales amounts of an order are relatively high. Because there are not many patterns and styles in ancient time, and colors are relatively plain of restored Hanfu, most young people may not like it. Also, customize Hanfu is very expensive; many people cannot afford it. Because of customization, the manufacturing duration is long. Such customers are generally not willing to go to the second-hand market platform to buy, and professionals hate internet celebrity stores.

### 2.2.2 Shoppers

Shoppers meaning photograph lovers. The purpose of such customers buying Hanfu is to take photos. Such customers like to buy Hanfu with a lot of embroidery and bright colors. 90% of shoppers don't care about quality and have a low budget. Such customers are sensitive to prices. Generally, they either buy cheap ones, buy second-hand ones directly, or buy new ones on Taobao, and then sell them on second-hand platforms after taking photos. However, this type of customers has a high purchase frequency, and may buy every time a new series of product is launched. This kind of customers don't like restoration models, and they don't pay attention to whether the shape is exactly the same as the Hanfu in ancient time. Such customers have little or no knowledge of Hanfu and may easily follow Internet celebrities or bloggers to buy same styles which ever worn by Internet Celebrities or Bloggers. Most of the styles that these customers like are more exaggerated colors and patterns. They are sensitive to the duration of manufacturing period, at least products are shipped on time. Shoppers don't prefer pre-order products. Shoppers like Hanfu which have good-looking better on the camera.

### 2.2.3 Explorers

Explorers meaning Customers who like Hanfu, wear Hanfu frequently and accept improvements, but don't like overly exaggerated styles. Such customers accept improved Hanfu. The requirements for patterns and embroidery only need to conform to traditional Chinese characteristics and have modern aesthetics, but not too exaggerated. Explorers do not necessarily require Hanfu which only have good-looking in camera, but they need actual Hanfu to be almost the same one which displayed by online merchants. Always looks better by eyes than it looks on camera. Explorers pay more attention to quality and are sensitive to price. But if the quality is good, they are willing to spend more money to buy. Their budget is normally less than 1000 yuan. Depending on how much embroidery in Hanfu and what season to wear, explorers require the design of Hanfu to have certain characteristics but not be too exaggerated. They are more rational in buying Hanfu, and will calculate the discounted price carefully. Parts of explorers can accept second-hand market purchases. Generally, explorers don't concern whether Hanfu sell by Internet celebrities stores. Parts of explorers hate internet celebrities' stores. It's hard to classify who doesn't like internet celebrities stores in all explorers.

### 2.2.4 Pre-Professionals

Pre-Professionals meaning people who like restored patterns, but those who don't have a high budget and don't have too much concerns about fabric. Such customers can accept improved Hanfu, but prefer ancient restored patterns. The purchase frequency is average, and the quality requirements are high. Their requirement for the fabric is comfortable and wearable. The budget of this type of customers is similar to explorers. They are sensitive to price. Most of Pre-professionals hate Internet celebrities' stores.

### 2.2.5 Occasionalists

Occasionalists meaning someone who wears once in a while or treat Hanfu as an artistic performance costume. Such customers only want Hanfu to be cheap enough and almost have no knowledge reserve for Hanfu. The budget for Hanfu is extremely low. It is difficult for such customers to buy Hanfu second time. They are likely to choose some online celebrity styles' Hanfu or some uncharacteristic styles' Hanfu. They don't care what type of store they buy from, and they recognize brands of Hanfu.

## 2.3 Classify according to style

According to the Hanfu currently sold in the market, it can be divided into 6 styles. The style means that designer's unique creative thinking and the purpose of Hanfu. For example, hero style means the Hanfu which might be worn by some heroes in martial arts novels. Table 3

discuss which styles of Hanfu will be sold in those stores(based on table 2), and which styles of Hanfu will be bought by target customers(based on segment in 2.2).

### 2.3.1 Internet celebrities' fairy style

This style of Hanfu is only suitable for taking pictures, and it looks good when taking pictures. Most of this type of Hanfu are improved models. But in daily life, it is very ordinary and not brilliant, and it even looks cheap. When choosing fabrics for this style of clothing, some uncomfortable fabrics will be chosen for the purpose of taking pictures, it will almost break after wearing it a few times.

### 2.3.2 Elegant or dress style

This style of Hanfu is generally suitable for special occasions such as wedding banquets. The frequency of use is not high, and the price is high. Most of this type of Hanfu are restored, but a few are improved. Due to the particularity of the dress, generally it cannot be returned or exchanged.

### 2.3.3 Handsome style, hero style, heroic style

This type of Hanfu generally looks cool and capable, mostly for men, easy to put on and take off, and some can

even be used as regular clothes. Some of this type of Hanfu may be similar in style to heroes in martial arts novels. Part of this type of Hanfu is an improved style, and part is a restored style.

### 2.3.4 Sweet style

This type of Hanfu which looks cut is mainly target for girls under the age of 18. Most of the colors are pink or other light colors. This kind of dress is very popular with little girls. There are only a few restored styles, and most of them are improved styles.

### 2.3.5 Normal-wear style

This type of Hanfu incorporates common clothes and fashion elements, and is worn more frequently; or it is an improved Hanfu, which has a good-looking design and is frequently worn repeatedly in daily life. More than 90% of this type of clothes are improved models.

### 2.3.6 Restoration style

It will be restored based on murals or ancient porcelain. The pattern is ancient, but it may not be popular with young people. The shape of small number of this type of Hanfu are improved styles, and most of them are restore styles.

**Table 3.** Stores that sell different styles of Hanfu and target customers.

| Style                        | Internet celebrities' fairy                 | Elegant or dress   | Handsome, hero, heroic                       | Sweet  | Normal-wear  | Restoration                               |
|------------------------------|---|--|--|--|--|---|
| Different types of customers | Shopper, Occasionalists                     | Professionals, Pre-Professionals   | Explorers, Pre-Professionals, Occasionalists | Shoppers, Explorers  | Explorers, Pre-Professionals                                   | Professionals, Pre-Professionals          |
| Different types of stores    | Internet Celebrities stores, Small workshop | Luxury Customize Store, Brands stores, Internet Celebrities stores, Small workshop | Brands stores, Inexpensive stores            | Internet Celebrities stores, Small workshop, Brands stores, Inexpensive stores | Brands stores, Inexpensive stores, Internet Celebrities stores | Luxury customization store, Brands stores |

## 3 Purchases channels and competitions

### 3.1 Channels

#### 3.1.1 Online is generally Taobao store

Most of Hanfu is pre-sale, only a small amount in stock which can shipped by carriers immediately. Internet celebrities stores and small workshops generally have a long manufacturing period and like to postpone. The general pre-sale period of brand stores and inexpensive stores is one to three months, but the shipment time is relatively accurate. Small workshops usually like to use the method of deposit and final payment, and the appointed shipment time is not accurate, the price is inflated, the quality is not good, and there may be serious discrepancies between the actual product and the display picture in online stores' description. Customized products are generally not allowed in the construction period and

cannot be returned or exchanged, except for quality issues. Luxury customization stores generally have a longer customization period.

#### 3.1.2 Offline is generally in shopping malls to sell

Hanfu's price will higher in offline stores, although the same brands and same products. The advantage is that customers can try it on and have service. Some brands do not need to waiting times for pre-order. And offline stores will have some special products that cannot be bought online.

#### 3.1.3 Brand stores and cheap stores have offline stores in China, but not in every city

Generally, brand stores and inexpensive stores must have stores in the province where the factory is located, but other provinces or cities may not. Although Internet



celebrities stores have a large turnover, they generally do not open offline stores.

### 3.2 Competitions

For most Hanfu stores, with the increase of stores in this industry, customers have more choices and more alternative products. Additionally, many early Hanfu fans have already purchased enough, so some designs may not be of interest to early fans. As the market grows, customers' bargaining power becomes stronger, therefore, clothes with long construction periods and inflated prices will not be accepted for most of customers.

Because of special traits of Hanfu, some buyers will buy a dozen or dozens of sets and rent out on online platforms to make money. Some people who like to take pictures by wearing Hanfu or those who only wear it once are more willing to rent clothes.

Hanfu experience stores in tourist attractions are more cost-effective for some people who just want to experience it. For customers, Hanfu Experience store don't have the trouble of choose clothes, re-sale Hanfu on second-hand platforms and after-sale services if Hanfu have some quality issues.

Some impulsive consumers have bought too many spare clothes and may resell them in the second-hand market. Some buyers who are price-sensitive and don't care about second-hand clothes will choose to go to the second-hand market. Expected Hanfu which factories never manufacture and sell them again, the price of Hanfu in second-hand market is very low, even though your clothes are 100% new.

Due to the poor quality of Hanfu in some Internet celebrities stores and small workshops and troublesome after-sales service, many customers who like this type of Hanfu will buy it on second-hand platforms.

There are also some Hanfu lovers who choose to buy materials by themselves and find tailors to customize.

### 3.3 Summary of each segment by purchase motivation

Companies which target to Professionals' market have significant barriers. The company must have a cultural consultant because this type of customer has a lot of professional knowledge of Hanfu. This type of customers only like the restored style, and will also buy some dress style's Hanfu. And because the luxury brands in the early Hanfu market have good reputations and have most of their loyal fans; it is difficult for new entrants to make money. Shoppers' purchase frequency is the highest, but they are extremely sensitive to price.

Shoppers and Explorers are almost the largest proportion of the entire market. Some shoppers prefer to go to the second-hand market to buy, because it is cheap and the clothes are not often worn. (Generally, shoppers only wear it once when you take a photo.) The main target customers of many Internet celebrities' stores are shoppers and explorers, but many explorers do not like that style. Shoppers also prefer to go to small workshop stores to buy Hanfu. Explorers and pre-professionals

sometimes may be same style Hanfu. Explorers are very rational; they will buy most styles' Hanfu expect Internet Celebrities fairy style, sweet style and elegant style. If the quality and design of Hanfu in the store is excellent, explorers will have high loyalty for the store. The proportion of pre-professionals is not very high in all customers. There are no Hanfu stores which mainly target to pre-professionals. Occasionalists will choose all styles of Hanfu expected elegant style.

Occasionalists only care about prices and most of them do not buy it again. Their budget is extremely low. Sometimes, they will also rent Hanfu. It is not rational for a Hanfu store to target Occasionalists only.

## 4 Current problems in Hanfu stores

Although the Hanfu market is developing rapidly, there are still many problems in Hanfu stores.

1) Many stores are not clear about their positioning. Particularly, many Internet celebrities stores or small workshops do not position themselves accurately. They are willing to make money from customers with high budgets, but they don't pay attention to quality and style. In many cases, the price is inflated, but the design is not good-looking, and the quality is not excellent. Actually, customers who have high budgets don't like the design of these stores.

2) No focus on customer experience. Many stores put economic benefits first and do not pay attention to customer experience [5]. In particular, many stores neither fully maintain old customers nor dig new customers [6]. For example, many Internet celebrities' stores will continue to release new products, but ignore the shipment and delivery problems of some products which newly launched in the past.

3) Backorders. Since many Hanfu stores are pre-order, and factories are outsourced; delays of shipment are common in the early Hanfu market. However, after the vigorous development of the Hanfu industry, the delays of shipment have gradually decreased, and the situation still exists. In particular, small workshops and Internet celebrities' shops are the most serious. Due to the high psychological premium of many customers who buy Hanfu in online celebrity shops and small workshops, they may accept the postponement [7].

4) The size is not standard, especially for Internet celebrities stores and small workshops. It is very likely that different styles are the same size, and the size gap is too large.

5) Excessive pricing led to a lot of inventory, which could not be sold and could only be sold as lucky bags. This situation is more obvious in brand stores and Internet celebrities' stores.

6) Many stores will adopt model which launched new products once or even twice a month. Due to high frequency of launching products, the pattern and color will be repeated.

7) The prices of joint-branded Hanfu in some stores are too inflated. The prices are too much higher than no joint-branded style Hanfu in same store.

8)Some stores didn't pay attention to market researches, even if the market research is carried out, the execution is not enough.

## 5 Suggestions and Conclusions

1) Stores need to figure out their own brand positioning and carry out targeting plan based on positioning. For example, Internet celebrities' stores should not match their Hanfu's price as high as that of luxury customize stores, but cannot provide Hanfu with high quality. If the stores target picky customers. Stores need to concern every details.

2)Focus on quality, the factory must have quality inspectors. Pay attention to the construction period: For example, do not write the earliest appointed time when products can be shipped to customers in online platform, but write the latest. Shipment to customers earlier than appointed time will lead customers happy. Due to the pre-sale, it is recommended to launched winter Hanfu in autumn and autumn Hanfu in summer. Don't delay. If possible, provide some Hanfu which in stock to customers. Shipped immediately, don't over promise. Do not try to transfer the risk of the merchant to the customer. Although pre-sales can reduce inventory costs, they will lose a lot of turnovers.

3)Focus on fit, shape and fabric. For the improved Hanfu, stores need to write it in products' description on online platform. The version design should fit the human body. For patterns and embroidery, the design needs to be studied carefully; different types of customers should be targeted by different methods. The size should be standard, don't be bigger and smaller for a while. The Hanfu market is inherently smaller than the regular clothing market. If the size is too large or too small, the sales volume will not increase. For fabrics, don't use very hard and pungent fabrics when making clothes just for good-looking in photos.

4)Shoppers, Explorers and Pre-professionals' proportion is the largest; newly opened stores are more profitable among these types of customers. However, since the Hanfu industry has become saturated and many competing stores existed, newly open stores need to do more market research. After research, data collected in research need to analyse carefully. For these type customers, they have many substitutes. The market which targets to these type customers is monopolistic competition. In this way, market research is very important.

5)Continuous optimization is required for products. Focus on after-sales, purchase intentions, but not just focus on brand awareness in social media. For Hanfu, some special offers can be made during the discount season. Especially for shoppers and explorers, do not exaggerate or falsely marketing in the social media.

6)Pricing: Don't set your initial price too high. If the price is too high and give too many discounts later, many people will suspect quality problems. Once some customers master this kind of routine, they will deliberately wait for a discount to buy. Additionally, don't

try to use super high prices to make customers accept Hanfu without using some expensive materials.

7)Minimize lucky bag marketing as much as possible. Even if it is a clearance sale at a low price, most of customers are dissatisfied with this type of sale. The correct way is the old model with incomplete size: 200 yuan, every 3 pieces can be chosen in one category. Or just open a new link in online platform: Slightly flawed for clothing and with discount price to sale. Although this method is obviously to clearance, it can actually give a good discounted price to customers. In particularly, some customers in Shoppers, Explorers and Pre-Professionals are quite satisfied with this method. It may even attract some of Occasionalists.

8)For most suits, it is best to sell them individually or as a whole. Selling the whole set can give a discounted price or special benefits. Sales will be higher without bundling.

9)For joint-branded styles, the price should not be too high. Normally, the price of joint-branded styles is generally higher because copyright fees need to be paid for the joint-branded IP (Intellectual Property). But it cannot be much higher than the ordinary products usually sold. Many fans will not buy because joint-branded products price is too high.

10) Do not launch new products too quickly, which will lead to exhaustion of inspiration. Before launching new products, the previous shipment problems should be resolved. For example, pre-orders need to be shipped before appointed time.

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