

# The zara business plan marketing essay



**ASSIGN  
BUSTER**

Zara offers the latest trends in international fashion in an environment of thought-out design. Its stores, located in the main commercial areas of cities across Europe, America and Asia, offer fashion inspired in the tastes, wishes and lifestyles of today's men and women.

Zara moves at the pace of society, fashion ideas, and trends that society itself has natured. Hence its success among people, cultures and generations that, in spite of their differences, share a special sensitivity for fashion.

Due to the growing of the clothing industry and the enormous unmet need in the market in the Puget Sound, we see the long-term expansion and potential of Zara throughout the Northwest. We are visionaries who see Zara as an extreme financial launch. By achieving its sales targets, Zara will position itself for exceptional profitability and self-funded growth. With our plans of Zara's expansion in South Centre Mall, our plan is to generate revenues of \$7, 094, 763 by 2008.

Management of Zara is seeking an investment of \$800, 000 in addition to the \$150, 000 already invested by the founders. Proceeds will be reinvested into the expansion of Zara into new markets and products.

### Purpose & Approach

The purpose in business is to maintain the responsiveness to the changing trends in consumer tastes through creating new designs fast that are suitable for all customers at an affordable price. In the ongoing expansion process we have decided to move into the Puget Sound Region because of the many advantages that could be exploited. We have considered several

elements that we have learned throughout the semester and applied them in our decision making process.

#### Worth of ZARA

We have created a payroll chart for the just the four owners that will be our only staff, which the profit is divided evenly for all four owner. Accounting for the identifiable logo and the cost of operations our acquisition proposal would be \$#####. This figure is derived from our analysis, where we multiplied our average monthly sales figure by eight percent because we included the branding of Zara and it helps us minimize our risk by not overspending. The total cost of revenue for the first year of opening is estimated at \$350, 000. 00.

### **Estimate Business Cycle Comparative Statement**

Current Assets

Current Liability

Working Capital

Long Term Liability

### **Zara Income Statement**

Lease (including Insurance and other Expense)

Operating Expense

Tax for cost of revenue

Total Expense

## **Payroll**

Hourly Wage

Hours

Gross Pay

Tax

Managers / Owner (4)

N/A

4, 160

Yearly Total

Balance Sheet

Asset

Cash

AR

Inventory

Equipment

Three departments

Men f Son

Women f Ashley

Children f Justin

Open Shift f Justin

Closing Shift f Huy

Three Sunday unless holiday or event

We agree on that we as the owner are the only worker in our newly franchise Zara store.

Cost distributes

Lenders

Suppliers

Government -Assumption 8. 8%-

How much inventory needed?

Starting Inventory

Number of Employee

South Center Mall

Mall hours

10: 00 am – 9: 30 pm Monday to Saturday

11: 00 am – 7: 00 pm Sunday

80 hours open per week

<https://assignbuster.com/the-zara-business-plan-marketing-essay/>

52 weeks in a year

$80 \times 52 = 4160$  hours open in a year

$2467.56 \times 12 = 29610.72 / 4160 = 7.12$  transaction per hour

Price of Space

\$27.76 per square feet

Size of space

4000 square feet

$4000 \times \$27.76 = \$111,040.00$

$\$111,040 / 45 = 2467.56$  transaction

Price Range per Item

\$35.00 to \$79.00

Asset - 640 item on display and for sale

Piece \$8.00

Mark-up \$2.08

\$10.08

Mark-up 26%

Children

Selling Price \$35. 00 \$57. 00 \$79. 00

Mark-up \$9. 00 \$15. 00 \$29. 54

Cogs \$44. 10 \$71. 82 \$99. 54

Total Cogs \$215. 46

Revenue \$171. 00

Profit 45

Contract Specifies All included

Utilities

Water / Sewage / Garbage

Insurance

\$111, 040 X 12 = \$1, 332, 480 rent per year

Bank of America

Available for amounts up to \$100, 000

Provides a one-time lump sum with fixed monthly payments

Quick approval process

Lets you borrow without using your business or personal assets as collateral

Competitive, fixed rate of interest

Maximum term up to 5 years

Set the stage for the success of your practice.

100% practice financing plus working capital available

Buyer/Seller referral network

Demographic site analysis

Fixed and variable rates with terms up to 15 years

Deferred, graduated, and interest-only payment plans available

Combined practice and real estate loans available

Financing for equipment, cabinetry, and office furniture, fixtures, and supplies

Financing for renovations and construction

Financing can include architecture, design, and management consulting fees

All terms and features subject to credit approval. Some restrictions apply.

Zara Operations

To be successful in providing high quality products to all of our customers at a price that is affordable we selected our locations based on the locations that are similar to those of other Zara stores. Our strategy is to move from city to city while continuing the business practices used by Zara and implementing information technology. Our preference in location is derived



from the closeness to the entertainment, financial institutions, art museums, and upscale restaurants. This preference allows us to reach numerous customers because it would be located in areas that people will either drive or walk passed. While receiving the attention provided by our friendly personable salespeople, customers will enjoy our in-store coffee shop and the ambiance that is created by our interior designers.

We intend to utilize information technology to flatten the hierarchical structure of management, thus, granting our employees more decision-making power and responsibility. Exploiting information technology through implementation of TPS and DSS will enable us to organize information that can be used to improve the decision-making quality. Customers could use our online store to receive reminders of birthdays and other holidays, so that they can send gifts as well as getting the news on the new styles to be release in the near future. We have created our website with the goal of making it east to use, therefore, allowing customers to participate in sales promotions as well as providing feedback on products. They could also view the feedback of other customers. The website can also be customized to fit the customers' shopping behaviors. (pp. 295)

#### Future Potential of ZARA

This business has a lot of potential. We could possibly incorporate different marketing strategies although the one used has proven to be successful. Zara could also develop an online website. Through the online store we will sell our products and do some pre-marketing of new products before they are released in addition to collecting consumer responses about the

products. Another potential factor that we have considered is to open discount stores that would allow the business to sell the surpluses in inventory. This will enable us to become more efficient. The areas we have chosen for the location of our stores are downtown Seattle, Bellevue Square, and the South Center Mall in Tukwila. These areas fit the needs of surrounding businesses, our staff members, the seasonal shoppers, and the vacationing tourists. The selected areas also offer a wide variety of restaurants, tourist attractions, and entertainment, which could prove to be an advantage. (pp. 331-332)

#### Zara Investment Recommendations

Considering the risks involved of opening a business, we are confident about the future profitability, so we highly recommend the purchase of Zara. We are confident about our recommendation because we would be entering into a franchise that has maintained its success, opened its retail stores in great locations, and utilized the products of the research and development in our business practices. These actions translate into great potential for profitability because many of the practices have already been proven to be effective. Another advantage could be created by the implementation of information technology that will improve processes and performance amongst internal customers.

Looking at the future potential of the business allows us to be confident in our decision as we embrace the expansion of Zara into the Puget Sound region.