

Case study on monitor the outside environment

[Business](#), [Company](#)



Zara is an international apparel retailer that follows a “ fast fashion” industry approach and offers medium price/quality items (Tungate, 2008). The company is highly affected by the changes opportunities and threats in the external environment. Therefore, if I were a manager in Zara, I would closely monitor external environmental factors, in particular those referring to sociocultural, economic and international aspects (Daft & Marcic, 2008).

1) As the industry’s main threat lies in the rapidly changing consumer demands, the company should monitor population age, cultural composition and density. These macro data is usually collected by local statistical institutions and help Zara managers to understand demand patterns and to adjust their products accordingly.

2) Since the concept of “ fast fashion” is only viable in the countries where relatively many people can afford buying clothes often, Zara should examine GDP per capita and income distribution among population, which can be also directly taken from the statistical reports. These factors are important for forecasting sales potential by approximating the number of people, who will be able to purchase Zara clothes.

3) Zara should evaluate international opportunities by measuring the market size of the foreign countries through analysing the number of potential customers and local competition. Such information is helpful in understanding the possible market attractiveness and can be found by macro analysis of the industry. The knowledge of foreign markets makes global Zara expansion feasible and profitable.

Comment 1: It is definitely a great assessment of the Target Corporation. It describes the main strengths of the company environment, as well as

describes the possible area of concern. However, the following commentary provides little information on the ways to measure the impact of environmental factors on the company. Unless Target managers are able to quantify the environmental factors, it is hard to make any conclusions about the environment.

Comment 2: The commentary provides an in-depth analysis of the external environment factors that are important for Cypress Semiconductor Corporation. It suggests the three metrics for evaluating the macro environment as well as elaborates on the importance of each factor for the company.

Daft, R., & Marcic, D. (2008). *Understanding management*. (7 ed.). Mason, OH: South-Western Cengage Learning.

Tungate, M. (2008). *Fashion brands: Branding style from armani to zara*. (2nd ed.). London, England: Kogan Page Limited.