

Case study ezra and handm

Business



What makes Ezra different from other specialty apparel retailers? What are the main differences in the business models of Ezra and H&M? Ezra is a part of the Spanish retail conglomerate named Inditex and is the leading retailer of fast-fashion. It represents one of the most successful retail stories.

There are many levers which make Ezra more special than other apparel retailers. (1) The main strength that Ezra has is its operations, which depend on relationship between manufacturing and retailing. Communication circle is one of the most important parts in Sara's process.

The continuous business cycle began with the customer and good communication between store managers and headquarter. Store managers are able to express their advice, suggestion and even critique through retailers' experiences with customers.

Design team constantly follows what the customers want and this allows Ezra to be in the forefront of latest fashion trends. For that reason there is not outsourcing of the manufacturing. (2) Their lead time lasts only a few weeks thanks to their rapid reduction capabilities and this is a key differentiator compared to other apparel retailers.

Designers are highly productive and they come up with almost 24,000 new products each year, but only one third of it is produced.

Ezra represents three to four times more products than traditional retailer. (3) Ezra spends little money on advertising, for instance their advertising costs are equivalent to 10% of competitors' expenditure. Ezra applied a

different promotion of the brand- making its stores more visible and appealing to the customers, which is crucial to the success of the business.

Before they open a new store, they make an extensive market research, which is focused on prestige locations, remarkable building, layout and decors. (4) Ezra is not producing a high quantity of clothes, but prefers fewer items.

This gives Ezra advantages, because there is a small probability of risk and creating higher demand. Additionally the products are quickly changing at stores as new ones arrived twice a week, which forces the customers to buy it quickly without second thoughts. 5) Ezra determined its products pricing based on market pricing instead of cost forecasting, which makes Ezra different from most of the retailers. Instead of using mark-up role, Ezra determines what price the market could handle and after that chooses how high the product prices would be. H is Indies's closest retail competitor and both are very successful in clothing industry, even though they are following a different business model.

In one hand H&M designed and purchased its product mix from 700 independent suppliers in EX. and Asia.

It depends on a large network of distribution centers located in each entry of operation. That means that H&M is mostly focused on outsourcing, which is completely opposite of Sara's business model. Ezra has distribution centers located only in Spain and is mainly focused on in-house production.

2. What role do marketing channels (Ezra stores) play in Sara's business model? Which marketing functions do marketing channels (stores) perform within Sara's business model? Should Ezra continue to own most of its stores? The Ezra stores play one of the major role In business model.

Shop assistants are ally In social Interaction Walt customers Ana Know tenet suggestions Ana requests Sara's designers are creating the products based also on customers' opinion and suggestions. Additionally the products are quickly changing at stores as new ones thoughts. When new products come to the Ezra stores, store managers are responsible to get slower moving inventories off the shelves. The quickly changes of the items are part of promotion, because customers regularly visit a store and some of it even know which day inventory arrived.

Ezra strive to retain the best store associates and typical Ezra store has three store managers; one for Ezra Women, one for Ezra Men and one for Ezra Kids. Under Ezra Women, all type of clothes have its own managers, which means that every store has a unique set of items for which are store managers responsible. Through Ezra stores come a lot of important information, which help forecasting a demand, develop new product, etc. In my opinion, Ezra should continue to own most of its stores, because it is easier to collect all the data about consumers and easier to interact directly with them.