

Zara international case study

[Education](#)



**ASSIGN
BUSTER**

Zara International was a retail shop originated in La Coruna, Spain in 1975. It was clothing and accessories shop and imitated the latest fashion trends and sold them at a lower cost. It became Zara International after entering Portugal in 1988 and then the United States and France in the 1990s. The distributor for this brand is Inditex and is considered the most successful retail chain in the world. Zara has a business strategy that is very different from the retailers nowadays.

If a customer orders a product Zara's distribution centers can have the items in the store within 24 to 48 hours of receiving the order, depending upon the country. The business plan that Zara's executives made was very innovative and played a great part in the success of this retail chain. Not only has it been successful and profitable in the past, they are successful in the present and have been expanding their brand all over the world Zara International's business strategy has elements of classical management approach.

Classical Management approach has the assumption that people at work act in a rational manner that is primarily driven by economic concerns. This approach has three major branches: Scientific management, administrative principles and bureaucratic organization. Scientific Management Frederick W. Taylor used the concept of time study which is to analyze the motions and tasks required in any job and to develop the most efficient ways to perform them. His first principle was motion study which is the science of reducing a job or task to its basic physical motions.

This concept was clearly evident in Zara International's case. Time is the main factor that is considered by Zara International as opposed to production costs and advertisements. According to Schermerhorn (2010), "<https://assignbuster.com/zara-international-case-study/>

Parent company Inditex Group shortens the time from order to arrival by a complex system of just-in-time production and inventory reporting that keeps Zara ahead (p. 54)“ It is only possible if Zara has skilled workers and the required training to train these workers with the ability to send the product within 24 hours of receiving an order in the European store and 48 hours in American and Asian stores.

This is evidence of using the principles two and three of Scientific Management. All this requires careful planning which is the fourth principle of scientific management. Administrative Principles: Henri Fayol's administrative principles are also clearly seen in Zara International's case. Zara had a foresight of what it was doing will create profit. It did not spend any money on advertising but instead on being efficient and on time on its production. With no advertising the company made a profit of \$10 billion in sales which were overwhelming.

The CEO of Inditex Pablo Isla seems to have great organization and leadership in gaining profit for the business. Zara international also applies a Behavioral Management approach in doing business. According to Schermerhorn (2010), “ The behavioral approaches maintain that people are social and self actualizing. ” (p. 38) Instead of advertising their brand Zara makes sure that the interiors and exteriors of the stores are up to date and designed based on the location. They focus on what people are demanding and keeping in mind their social and cultural needs.

It also keeps a close watch on the latest trends and the buying behavior of customers. Zara's strategy of being successful consists of various factors. Zara has succeeded by doing business according to customer's needs and

<https://assignbuster.com/zara-international-case-study/>

buying behavior. Their different approach in production approach is another factor. They have created a very efficient link in between their management principles and social environment. Their use of complex systems of just in time production has played a major role in its success. Zara also has believed in cutting expenses wherever and whenever possible and has done that in an intelligent way.

Their strategy of inventory control is also worth applauding. By using this distinctive thinking Zara has been successful amongst the fashion world. The latest trends in the competitive apparel industry are companies going digital. Reinvention of fashion runways and then use of social media in publicizing the latest fashion is a hot trend. Use of mobile devices such as smartphones and iPads for shopping for the convenience of customers is also a very hot trend. There are also virtual dressing rooms and interactive store windows that make shopping for apparel easier (Agathou, 2012). Zara has also started to come up with innovations to stay in the competition. Zara International has launched its online store in Mainland, China (Inditex to launch, 2012). Zara has also expanded its stores internationally by entering South Africa this year (Kew, 2012). Zara International will definitely continue to do well with the business strategy. However it will still have to adapt to the changes in the global economy and plan their business strategies according to the customers and clientele. It will do well since it is expanding internationally and also adapting the latest technologies.

Zara International has gained huge success by following the classical management approach and the behavioral management approach. Inditex has used a distinctive business strategy in their production and inventory

control. Even in the competitive trends in apparel industry, Zara will survive in the competition if it continues to do business according to the clients' needs and wants. BIBLIOGRAPHY (2012, September 4). Inditex to launch Zara's online store in Mainland, China. www.fibre2fashion.com. Retrieved from http://www.fibre2fashion.com/news/apparel-news/newsdetails.spx?news_id=115305 Agathou, Amalia. (2012, June 30). 6 Hot Digital Trends transforming the fashion industry. Insider. Retrieved from <http://thenextweb.com/insider/2012/06/30/6-hot-digital-trends-transforming-the-fashion-industry/> Kew, Janice. (2012, August 27). Zara Enters South Africa as Foreign Brands Seek Growth. Bloomberg Businessweek. Retrieved from <http://www.businessweek.com/news/2012-08-27/zara-enters-south-africa-as-foreign-brands-seek-growth> Schermerhorn Jr. , John R. (2010). Management. Management Learning Past to Present. (pp. 31-56)