

# Analysis of zara: fast fashion article by ghemawat and nueno

Business



**ASSIGN  
BUSTER**

Brokers were crucial given the high fragmentation of apparel production to satisfy the tired production chains. Additionally, brokers are significant for cross-border intermediation in their role to coordinate the physical movement of apparels from the producers to importing nations. For the branded marketers, branded manufacturers the main roles are backward and forward integrators selling apparel products under their own brand name. Ghemawat and Nueno (3-4) reveal that retailing in the apparel industry remained dominant in shaping imports into developed nations, prompting a quick response, and ensuring that retailing remained within home markets, unlike external markets. With the growing numbers of middlemen, spending in the apparel industry hit €900 billion globally with Western Europe leading by approximately 34% followed by the United States and Asia. Such spending differences were due to market size, population levels and prices all of which affected the per capita spending worldwide. This paper suggests the best ways of retailers' cross-border expansion with more emphasis on partnerships, brand investment, reduced tangible investments, and arbitraging global factor price.

In order to understand Inditex, Ghemawat and Nueno (5-6) place its reference to its close competitors The Gap, H&M, and Benetton. While Inditex designed, manufactured and sold footwear, apparel, and accessories, Benetton emphasized colored knitwear, H&M emphasized on outsourcing production, and internationalization, as The Gap focused on clothes with internationalized production. Prior to internationalization, Inditex' home base was Galicia in Spain that lacked a fully developed thread-to-apparel vertical chain, promoting franchising model with returnable merchandise globally.

This expansion occurred under Inditex's founder Amancio Ortega Gaona who saw Zara rolling out to adjoining markets. The expansion changed the company's structure and by 2002, Inditex operated six chains including Zara, all of which were organized into separate business units under limited coordination and top managers acting as strategic controllers (p. 8).