

The most successful retailers



The Fashion Imitator

Established in 1975, Zara is one of the most successful retailers of today's world. Their clear focus and vision has made them to tap the power of the fashion. Operating in 62 different countries it has nearly around 2500 stores all over the world. Zara under the flagship of Inditex, (a holding company located in Northwest Spain) is a fashion imitator, it comprehends what its customer's desire and then designs and manufactures according to their expectations. Zara's business working model is quite diverse from the other retailers; this makes them set out in the market. It has promoted the message of high fashion at a lesser cost across all countries through its unique and different selling techniques.

The Sustainability of Zara

Understanding and comparing the Business strategy and the financial differences of Inditex and its major competitor will help in understanding the sustainability of Zara in the international apparel market. Gap which is one of Zara's major competitors sells the same range of merchandise with a less trendy style. H&M (Hennes and Mauritz) a threatening competitor too has been quick to "internationalize", which allows them to gain sales in countries outside their native Sweden. H&M also is more attentive when entering new markets and tends to enter one country at a time, as opposed to Zara who multitasks globally.

Furthermore it's been known that H&M has 85% current assets in its business where as Zara has only 50% of current assets. This shows that Zara has more of fixed assets and its current assets are quite fast moving as seen in its business model.

With a unique product strategy Zara comes up with 14, 000 designs per year, with new designs appearing in the stores globally, twice a week. It generally focuses on performing key activities differently in its supply chain which is 2-2.5 months that makes it sustainable and sets challenges for its competitors. The key factor that makes Zara's design sustainable is the wide assortments of whisking budget interpretations of catwalk products as customers these days prefer spending on education, healthcare, electronics and travel, then on clothing due to recession.

Another factor that makes Zara prolonged is its store location and layout. Although products are at inexpensive rates, their aristocratic store's layout makes it feel exclusive as they are large, swish and centrally located. The company doesn't spend much on advertising as it believes to give the added value to their customers rather than spending on brand promotion. While its rivals start planning their lines on average nine months before they hit the shelves, Zara has a reputation for instant reaction to fashion trends and rapid restocking of stores. Zara can make on new line, from the initial concept to when it arrives in the shop, in just three weeks.

In addition theZara technology makes the designers in daily contact with store managers, discussing which items are most in demand and which are not. (Bmelie, 2006). Zara recruits talented young designers and trains them to take swift decision. This way it has re-thought the fashion business and developed into a concept of its own and its efforts are therefore focused on reducing the time between design and sale which means that its production cycle is entirely different from fashion sector norms. The focus on market

changes means that 85 percent of products are manufactured in the season they are sold.

The Retail Environment

In the retail environment, the cycles of products, sales volume and analysis and direction of locations are conveyed to the designers by store manager and sales associates so that Zara designers in Spain can quickly respond to customers' preferences during seasons.

Moreover, “no stock holding” concept has seen to be the most outstanding idea of Zara's retailing strategy while rest of fashion retailer keep conducting traditional function of buying and holding stock. This strategy indicates that Zara requires a speedy interaction with current fashion trend. All new items are introduced twice a week and presented in store shelves in only two weeks. Reducing the cost by controlling stock improved Zara's earnings and retailing efficiency.

In terms of manufacturing, “Zara sources ‘grey’ fabric to get the most flexible in-season updating”, and to turn it into various kinds of garments very easily. In addition, the best benefit is that ‘grey’ fabric suits for its basic black collection. Additionally, Zara buys fabric: un-coloured and semi-processed one based on the immediate their designer's need which colours up close to the selling season, couple with making the clothes itself. These help Zara's manufacturing fast, no more than few days, while other competitors' companies take up to months (Dutta, 2002). Thus, Zara is competent to develop a new product line within three weeks. (Michael A. Hitt, 2008)(Ghemawat, 2003). Zara has excellent international strategies

both in manufacturing and retailing which been organized and conducted well leads Zara become one of most successful case in fashion industry.

Customer orientation and the paramount suppleness form the bases of Zara's business model. Its 480, 000 square meter centralized distribution system is capable of handling 60, 000 garments per hour. The market clothing is always in development and movement. The distribution channel is the network which links producers with users yet international distribution strategies are difficult to manage since distribution structures differ from one country to the next (Keegan & Green, 2003).

Below is the model depicting the factors on which one can determine the sustainability of Zara.

The Win- Win Strategy

Discussed below are the ways in which Zara has shown its influence on the retails brands and the fashion market. These impacts can be seen as affirmative as well as negative. In the high-speed racing with fashion industry, there is no one that is better than ZARA. So what makes Zara a true winner amongst others?

The answer is:

Zara has highly affected the fashion industry in a short span of time. It has fashioned a position for itself in the middle of the crammed full retail market. There are a number of key positive influences of Zara's model in fashion industry. Firstly, Zara's highly effective supply chain can get product to store in a week, whereas traditional clothing retails spend more time, usually one or three months. This provides customers with latest collections each time

they visit the store and also more options to pick from. Secondly, Well-developed IT system has certain benefits: it increases productivity, which accelerates to improve quality, increases the work intensity and the complete IT system provides the software support for the successful operation in the fashion industry.

Zara's successful business model not only maximizes the profit and saves time but also they provide an excellent business example for the whole fashion industry. Finally; Zara's successful business strategy provides as a study example for the other fashion companies around the world. For example, China's famous fashion brand -Metersbonwe, follows Zara's model. In 2009, Metersbonwe costumes opened Terminal Direct-oriented work, which was a huge adjustment to their retail network and for which they spent nearly one billion Yuan in a nationwide purchase.

As the proverb goes "every coin has its two sides", there are some unconstructive impacts of Zara in fashion industry. First of all, confronted with such a thorny issue, Zara has been accused of flagrant pricy, which it denies. And there's perhaps a certain amount of snobby in the implication that a company from an obscure corner of northern Spain has no right to ape catwalk styles (Mark Tungate, 2005). In addition, Zara's design, they directly collect and copy the new fashion information all over the world through the network. Zara might require paying a large compensation due to Plagiarism problem. This has seriously affected the integrity of the fashion industry. US market poses as a big unique challenge for Zara, as it's not able to have the same impact over America as it has on the rest of the world. In the present highly fragmented nature of fashion retailing it has become necessary for

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Zara to differentiate itself from its competitors in the North American market. All these difficulties oppose Zara to establish themselves in the culturally diverse background and to have an impact on the US market.

Conclusion

Giving a tuff competition to the luxury brands such as Dior, Chanel, Armani and many others Zara is entering into the luxury brand market through its branding and marketing strategy. It dresses women, men and kids in a sexy retail environment which might appear to look quite expensive and exclusive than what it actually is. A well-known U. S publishing institution; in one of their releases referred to a very remarkable concept: “ fast fashion”, and predicted that Zara will be the consumer trend for the next decade.

Nevertheless, under the economic crunch, Zara is facing unprecedented competition and challenges in global fashion market. It truly is a global fashion brand and the day is no far when it will be considered as a fashion icon in the fashion industry.