Zara fast fashion essay sample

Finance, Investment

* Production

– These large cross-border flows of apparel reflected cheaper labor and inputs—partly because of cascading labor efficiencies-in developing countries – Despite extensive investments in substituting capital for labor, apparel production remained highly labor-intensive so that even relatively large " manufacturers" in developed countries outsourced labor-intensive production steps (e. g., sewing) to lower-cost labor sources nearby.

* Cross Border Intermediation

– Trading companies had traditionally played the primary role in orchestrating the physical flows of apparel from factories in exporting countries to retailers in importing countries. They continued to be important cross-border intermediaries, although the complexity and (as a result) the specialization of their operations seemed to have increased over time. – Branded marketers represented another, newer breed of middlemen. Such intermediaries outsourced the production of apparel that they sold under their own brand names. – Branded manufacturers, sold products under their own brand names through one or more independent retail channels and owned some manufacturing as well. Some branded manufacturers were based in developed countries, others in developing – And in terms of backward integration, many retailers internalized at least some cross-border functions by setting up their own overseas buying offices, although they continued to rely on specialized intermediaries for others (e. g., import documentation and clearances).

* Retailing

– The increasing concentration of apparel retailing in major markets was thought to be one of the key drivers of increased trade – Chains accounted for about 85% of total retail sales in the United States, – Increased concentration was generally accompanied by displacement of independent stores by retail chains – Larger apparel retailers had also played the leading role in promoting quick response (QR), a set of policies and practices targeted at improving coordination between retailing and manufacturing so as to increase the speed and flexibility of responses to market shifts – Retailing activities themselves remained quite local: the top 10 retailers worldwide operated in an average of 10 countries

* Markets and Customers

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* Key International Competitors

– 3 closest comparable competitors to be The Gap, H&M and Benetton – The Gap and H&M, which were the two largest specialist apparel retailers in the world, ahead of Inditex, owned most of their stores but outsourced all production. Benetton, in contrast, had invested relatively heavily in production, but licensees ran its stores.

The Gap

– The Gap's production was internationalized—more than 90% of it was outsourced from outside the United States—but its store operations were U. S.-centric

H&M

– H&M outsourced all its production, half of it to European suppliers, implying lead times that were good by industry standards but significantly longer than Zara's. – H&M had been quicker to internationalize, generating more than half its sales outside its home country – Lower prices than zara,

Benetton

– Network organization that outsourced activities that were labor-intensive or scale-insensitive to subcontractors. But Benetton actually invested relatively heavily in controlling other production activities. Where it was investment-light was downstream: it sold its production through licensees

* Inditex

– Global specialty retailer that designed, manufactured, and sold apparel, footwear, and accessories for women, men, and children through Zara and five other chains around the world

* Home Base
* Early History
* Structure
* Recent Changes in Governance

* Zara Business System

– Zara's designers continuously tracked customer preferences and placed orders with internal and external suppliers – Even more importantly, Zara was able to originate a design and have finished goods in stores within four to five weeks in the case of entirely new designs and two weeks for modifications (or restocking) of existing products. In contrast, the traditional industry model might involve cycles of up to six months for design and three months for manufacturing.

* Design

– The process of adapting to trends and differences across markets was more evolutionary, ran through most of the selling season, and placed greater reliance on high-frequency information

* Sourcing and Manufacturing

* Distribution

* Retailing

– Prime Locaitons