

Spanish clothing ezra

Business



Ezra is a very successful Spanish clothing and accessory retailer and the first business to start the Inditex Group empire. Starting in a small Galilean city known as La Corona in Spain, Ezra has grown to be a retailer powerhouse with over 6,000 stores in 85 different countries.

Although the number of stores and locations is constantly changing as Ezra is known to open more than a store a day in past years.

Ezra has become the giant they are today because of their differentiated business model, this system has not been copied by any competitors which gives Ezra a great competitive advantage. With its own production and distribution channels, Ezra specializes in quick fashion innovations based on customer changing needs and is known to develop a new product or design and have it on store shelves in less than a month. Competitors will generally do this same task in about 6 to 9 months. This competitive advantage has helped Ezra to become a fashion leader and always stay a step ahead of competition.

This also allows Ezra to copy competitor new designs and come out with a slightly deviated version in just a couple weeks. This has competitors distraught as they spend enormous amounts of money on research and design just to have it instantly copied without costing Ezra anything in research costs. This business model has allowed Ezra to recently produce 11,000 distinct items in a recent year and several hundred SKUs given variation in color, fabric and sizes. This is compared with 2,000-4,000 items for key competitors.

They were able to achieve this by shipping products directly from their central distribution center to well-located, attractive stores twice a week, elongating the need for warehouses and keeping Inventories low as possible.

Ezra has a policy of not keeping any items in their warehouse for more than a 72 customers to buy it if they like it as it will not still be on the shelves in a couple weeks. This is necessary for their business to thrive because instead of thinking of the fashion world as 4 seasons, Ezra believes there are 104 seasons per year.

Meaning they change inventories in their stores 104 times per year instead of 4 times per year like most of their competitors. This strategy allows them to stay fresh in consumers' eyes, which in return has customers visiting their stores about 6 times as often when compared to competitors. If you're wondering how Ezra comes up with so many successful designs in the course of one year, it's through their properly trained employees. Ezra trains their employees before they hit the sales floor to listen to customer opinions while checking them out or helping them pick out an outfit.

They are trained to look for key comments something along the lines of " I would buy this if only this zipper wasn't on the pocket" and then remember the information and either inform a manager or enter the new data into a nearby computer. This helps keep the inventory and business fresh to customer changing needs. Even though Ezra has plenty of strengths, there are of course some weaknesses to be noted. Customers generally aren't shopping at Ezra because of their brand name, but instead because of the assurance of changing styles. This leads to having disloyal customers.

Companies like Nike or Apple are great examples of loyal customers, to a certain extent regular customers of these companies will line up outside the doors for days when a new product is about to be released. Since Ezra releases new designs every couple of weeks, they do not get this same attraction to their stores. Ezra also has a zero marketing strategy which significantly helps with costs, but is also a main reason why their brand image is weak. A weak brand image when compared to competitors brings an easy threat to the table.

If they're not constantly performing and coming out with new trendy styles, customers will simply not make a purchase and instead walk across the street to a competitor's store.

Also if there is an economic downturn which causes customers needs to change to lower cost options, Ezra will see a decrease in sales. Which because of their quick distribution system they can of course quickly correct, although this still poses a threat to a decrease in sales for at least a month which could significantly lower stock prices and cause a lot of problems to their overall image.

After analyzing strengths and weaknesses, it is now time to analyze potential opportunities Ezra can explore in the future. With proven success in expanding to foreign markets, I believe they will continue on being successful if they choose to continue expanding. New fashion forward markets in developed countries are looking for new ways to express themselves primarily through clothing. Ezra recently took the Chinese

market by storm because of their ability to offer high fashion low cost clothing.

On average, Ezra invests about 80% of capital expenditures on opening up new stores; another opportunity they may want to explore is investing this large sum of money in marketing instead. Ezra currently spends almost nothing on advertising but still has managed to create a powerful name. If they decide to spend more on marketing they would reach a much larger audience than just frequent shoppers. I personally view myself as an observant individual when it comes to fashion and business in general.

Surprisingly I have never heard of the company only imagine how many other people have not.

I believe this is a huge opportunity for Ezra to create a brand image and dramatically increase sales. Although Ezra is a very successful, powerful company with plenty of opportunities to expand and grow, they also have threats to keep in mind. The clothing market is very competitive with countless sellers trying to start or grow their own brand. Key competitors Ezra needs to worry about consist of but are not limited to Gap, H&M, and also Benton.

Although Ezra is known to sell higher fashion products than these three firms, they also sell clothing at a higher price and therefore deal with the threat of losing market share during hard economic times when customers search for cheaper alternatives. These firms also invest a good amount of money into promotion and advertising which in return gives them the advantage of a strong brand name.

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Since Ezra doesn't invest in marketing, losing brand equity is a serious threat to their organization and may be a strategy they want to reconsider in the future.

Another serious threat Ezra has to keep their eyes open to and is not only a threat to their company is the threat of a lawsuit arising from sweatshops. Ezra outsource some of their manufacturing to Asian countries where the cost of making an item is significantly less expensive which in return leads to higher profit margins. The catch to this strategy is the workers are arguably getting paid a very unfair wage and are sometimes forced to work enduring hours. If a possible lawsuit were to ever arise from this Ezra and also other firms could possibly see legal repercussions arise.

It's obvious that Ezra has been very successful, and because of this success 5 more franchises have been opened or acquired under the Inedited Group Corporation all focusing on tackling different market segments within the apparel market.

These firms include Misaims Duty, Berserk, Pull and Bear, Strabismus and also Shoo. Misaims Duty was acquired by Inedited in 1995, selling to both males and females; Misaims Duty offers a more sporty sophisticated look for middle aged people.

Berserk which was founded by Inedited in 1998 targets a younger female audience and does this by designing their stores to be social hot spots with certain music playing and street art interior. Pull and Bear was founded by Inedited in 1991 offering casual clothing at very affordable prices targeting a young adult audience. Strabismus was acquired by Inedited in 1999 with the <https://assignbuster.com/spanish-clothing-ezra/>

thought of bringing youthful urban fashion to also a young adult target audience.

Last but not least Shoo is Indies's newest chain offering the newest trends in women lingerie. Each franchise runs under the same business model as Ezra with quick fashion innovations offering different options every couple of weeks. Each franchise has been very successful thus far with constant growth, although with Inedited continuing to add more franchises to their business model while consistently expanding into foreign markets some questions and concerns start to arise.

The main concern is can Inedited cope with the complexity of managing multiple chains without compromising the excellence of individual chains such as Ezra? Inedited has excellence top management staffs consisting of five different top managers each controlling their own portion of the downstream value chain of the company. The five different managers consist of a general manager, real estate manager, human resource manager, commercial manager and also an administration Ezra headquarters to learn the ins and outs of the business before starting their new career.

Since every country and region has different consumer wants and needs consisting of religion, social norms, tastes, fads and more, these five managers will be in charge of running the operations of their given field for each franchise in their country.

Each manager must be born in or a resident of the country they are managing to assure a good understanding of cultural. Ezra and the Inedited Group have also questioned whether or not they should acquire or start up <https://assignbuster.com/spanish-clothing-ezra/>

additional franchises. With projected sales expected to grow at a decreasing rate compared to past years and proven success in the past, I believe additional firms should be acquired.

Instead of investing 80% of capital expenditures into opening up new stores I believe the Inedited group should focus on buying out smaller successful firms in foreign markets and implementing their quick distribution business strategy to these newly acquired firms. Ezra has experienced difficulty expanding into certain foreign countries as in Asia and South America due to labor wages and other cultural factors. Everyone needs clothing and there is definitely a good amount of market share Ezra and the Inedited group has potential to obtain.

Other firms have proven success and instead of taking the risk and trying themselves the smartest decision may be to buy out a successful firm and implement their own differentiated twist into it. Another strategic option Ezra and the Inedited Group should consider is investing more money in advertising and marketing. Even though Ezra is a powerful name, there are many other firms who have a much stronger brand name. Sara's key competitors all invest at least 300% more in marketing year to year when compared to Ezra and also most customers are unaware that the Inedited Group owns and pirates 6 different franchises.

If Ezra made it known they are grouped up with the five other franchises, loyal customers will be more likely to shop in the other five stores because of the excellent service they received at Ezra.

This will help create value to all six franchises and therefore increase sales and market share for each firm. Overall Ezra and the Inedited Group have a dominating competitive advantage consisting of countless strengths while limiting weaknesses. Proven success through investing most of their capital into opening up new stores and quickly copying impetigo designs has been very successful in the past but can only last for so long.