

# Ezra brand

Business



Ezra need to adapt their strategy to ensure future stability In meeting the demands of a larger customer base. The problems that they need to address are as follows; Rapid Organic growth outside of Spain - Ezra have shifted focus Into expanding overseas, specifically the Salsa region.

According to Exhibit 8, 1 20 new Ezra stores were opened outside of Spain in 2010.

Despite the current centralized distribution model working well and at below capacity, continuous rapid expansion outside of Spain for Inedited brands (exhibit 8) would bring problems of; larger amalgamation of speeded network pictures, greater demand and customization for Ezra offerings from consumers. This would further bring the effects of discomposes of scale; increased transportation costs, top heavy Organization, potentially exceeding working capacity, increased risk If central distribution centre fails.

No standardized market position - Sara's expansion approach have led them to be positioned differently In each geographical market despite targeting the same consumer segment, Ezra currently use company-centered knowledge to determine price and positioning strategies for different geographical segments. This has caused Inconsistent consumer perception of their brand e.

G. Americas and Spain. Being in a globalizes marketplace, this poses a problem to the global perception and position of the Ezra brand.

Competitive Environment - Ezra is competing in a competitive market where the competition are seeing similar growth in stock prices and revenue

(Exhibit 3, Exhibit 5). Competitors such as H have already achieved similar competencies to Ezra in terms of variety and stock refresh, and have obtained more advanced competencies such as localization of distribution centers, reducing the competitive advantage that Ezra has in terms of flexibility in their products array and enabling the threat of substitution.

Other competitors such as annual have further gained competitive advantage by differentiating themselves in the saturated market of fast retailing by using an undifferentiated marketing approach targeting a larger customer base, leading to a revenue growth rate greater than Ezra from 2009-2010 (Exhibit 5). Potential Solutions A potential solution for Ezra is the possibility of forming a joint-venture distribution centre in China as a precursor for localization of design and production in Asia. This joint-venture promotes multilateral exchanges with other economic actors within the network.

Helping Ezra maintain a competitive advantage over competition by allowing for Ezra to assess their 'STEP based on network insight to better standardize their market positioning. However, internal clashes can arise from a shift from a centralized to decentralized distribution business model. Also both organizations can clash due to the rejection of the partner-organization's underlying logic, objectives and business culture.

Another potential solution is for Ezra to expand their e-commerce presence in Asia and America to gain competitive advantage, such as the growing market of e-commerce in America.

This allows for Ezra to extend their reach to customers, and further gives them a competitive advantage over competitors such as compliment the rapid expansion into the Asia region specifically targeted at India and China. However, this method would entail higher outbound shipment costs as individual items will have to be shipped from the central distribution center in Spain to the consumer in Asia or America. This leads to another potential solution on sousing on their existing supply chain competency in Europe to further expand e- commerce presence beyond the 8 countries that use a Ezra online store.

This would utilize Sara’s existing centralized supply chain in Europe to expand reach to the existing customer base. However, this would give Ezra little long term competitive advantages over competition as competitor brands can easily implement the same marketing approach.

Ezra may also want to consider adopting an undifferentiated approach by expanding their basic line to further compete with a larger customer base as Unique have done with a large amount of success (exhibit 5).

This solution however would not be a viable long term solution and has the possibility of affecting their overall brand perception if less fashionable items of clothing were being pushed to the consumer. Best Solution The best solution for Ezra would be to open a Joint-venture distribution centre in China as a precursor to opening localized design and production facilities in Asia, this fits into Sara’s objective to expand rapidly in a very competitive landscape (Exhibit 5).

This is also consistent with their Joint-venture with Data group in opening up Ezra stores in India with the potential for Network Insight. The overall issue to this solution is that Ezra will need to find a partner to form a Joint venture with, this may also require exchanges with local economic actors in China to gain insight. China is a rapid growing market for Ezra with 71 stores opening in 4 years and on target to becoming Sara's 2nd largest market.

Opening a distribution center in China entails the following; 1. Network Insight for 'STEP Competitive advantage – Whilst opening a distribution centre in China itself is not a major competitive competency in comparison to H's localized distribution centers, by operating a Joint-venture in China and through the recursive exchange in the Joint-venture structure along with exchanges with other economic actors, this promotes multilateral exchanges which will lead to a realistic and better understanding of the market.

This can be used by Ezra to help better periodically evaluate their 'STEP due to changes in consumer needs, this ensures maximized long term success and competitiveness by assessing actions against modern network insights 2. Reduced re-stock time – Currently the existing distribution model for Ezra means that they can only ship to 1 geographical region per day. By including a distribution center in Asia, it means that stores within the growing market can be re-stocked much more effectively to better satisfy consumer needs 3.

Allows the introduction of e-commerce in Asia – with a distribution center in Asia, this allows for the possibility of establishing e-commerce in China ahead of Sara's competition. This can also be used to further gather consumer insight into preferences. By operating as a Joint-venture, risks will

be shared with the partner organization, not only this, but resources can be shared to achieve maximum efficiency. However, by opening a distribution center in China, it will start to dissolve the existing centralized structure that Ezra has created.

But to expand overseas, Ezra cannot rely on company-centered extant knowledge for differentiated positioning in Americas and Spain.

Ezra must start to take a more decentralized approach in terms of global expansion. The notion of decentralization may come with hesitance from Ezra stakeholders due to Bonnet's failure with a decentralized business model, however as Ezra would maintain and own a large stake in the Joint venture, they would still maintain a large control. With greater network insight, this provides a pathway for Ezra to open design and production facilities in Asia to improve operational efficiency in the long-term; 1 .

Economies of Scale – despite the current centralized distribution model not effecting gross profit growth (exhibit 4), the rapid expansion into Asia can cause discomposes of scale through higher transportation costs. By having design and production local, this will reduce transportation costs to ship to Asian regions, this can therefore be beneficial in further reducing Sara's carbon footprint and improving CARS 2.

Efficient Amalgamation of Consumer Feedback – With rapid expansion, there will be greater consumer feedback.

By opening up design and production in China, it allows for efficient and focused amalgamation of Asian consumer perceptions through having an

established network insight. This will allow both faster response time to customer feedback and potential for exchange of designs between Asian and European markets to expand Sara's product portfolio. 3. Closer to Fabric Suppliers – Currently, Ezra purchase fabric from their Hong Kong office, this office could be used to further utilize Asian suppliers to supply fabric for Asian production facilities, therefore reducing costs in importing fabric from overseas suppliers.

Overall this solution aims to provide sustainability to Ezra for future growth in Asia. Application of Concepts From the available case study, we can see the 3 components of a Market; the suppliers, product and customer come into play. For suppliers, we can see that suppliers such as H and Inedited offer a large variety of product entries, whilst Fast Retailing offer product specialization and have a small product portfolio. However the most important component within this case is the customer aspect, due to the large influence that customers have on product portfolios of Inedited and H. Fast retailing Unique has adopted an undifferentiated approach by treating consumers as a homogeneous segment.

Therefore they attempt to reach a large customer base through a single marketing strategy of offering a large variety of basics in a large array of colors. This is different to the approach made by H and Inedited, who utilize a differentiated marketing approach. Inedited has multiple brands such as Ezra ND Berserk utilizing different Segmentation, Targeting and Positioning.

This similar concept is used by H in which sub-brands are marketed to different segment groups. This therefore means that Inedited and H aim to

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have a full-market coverage by offering a wide variety of offerings to different segments.

However, as Unique is the largest retailer to use a undifferentiated marketing approach, it has successfully differentiated itself from Inedited and Ezra by implementing product specialization, therefore Fast Retailing have benefited from rising revenue growth memorable to H and Inedited (Exhibit 5).

Ezra however used company centered knowledge to make differentiated marketing strategies for geographical segments along with the behavioral mapping technique: customer Judgments. The difference in consumer perception is therefore showing that consumer and company extant out and that exchange between multiple economic actors is crucial to achieving network insight to create more appropriate marketing actions to achieve better Segmentation, Targeting and Positioning along with differentiation.