

ZARA

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TABLE OF CONTENTS:

- **SALES MANAGEMENT TEAM RESPONSIBILITIES**
- **HISTORY OF COMPANY**
- **MISSION STATEMENT**
- **VISION STATEMENT**
- **GOALS AND OBJECTIVES**
- **COMPETITION**
- **SWAT ANALYST**
- **SALES OBJECTIVES**
- **MARKETING POSITION**
- **PRINT MEDIA**
- **DEMOGRAPHICS**
- **ORGANIZATIONAL CHARTS AND GRAPHS**

SALES MANAGEMENT TEAM MEMBERS:

Hello, my name is Natasha Chevannes and I'm a junior finishing up my last year of being in the sales and marketing major. My passion is hustling because I like to find different ways to generate income. My future business plan is to open up my very own distribution company and me pursuing myself in the sales and marketing major is a start to understanding the marketing side of business. My position in this project is a District Sales Manager.

Hello, my name is William Boadi and this is my last semester to transfer out of city tech. Marketing wasn't my first choice for a major but due to certain circumstances I decided to give marketing a try. In giving marketing a try I got a job as a sales representative in Manhattan. Through that job, I gained quality skills not just for marketing alone but for life. My position in this project is Regional/Divisional Sales Manager.

Hey, my name is Shaanzay Chaudhry. I live in Brooklyn and I started college at City College where I was undecided then transferred over to City Tech to pursue Marketing. I have worked at Rite Aid for 3 years now as a cashier. I am a Business of Fashion major although I am going back to first get an associates in marketing. In the future I hope to become a marketing manager for a high end luxury brand. Maybe even create my own brand down the line. My role for this project is sales supervisor for which I will be relying on my experiences at Rite Aid.

Hi, my name is Jamyl Capellan. I go to city tech and I am a marketing management major. Marketing was my first choice but I am thinking of changing my major to incorporate fashion. Business has always interested me and I hope that in the future I can find a job that I love. I currently am working as a sales associate and footlocker and hope that I can use some of the skills I have learned there to help me in this project. I am the national sales manager.

My name is Jesenia Bravo, I am a Business and Tech of Fashion major student, but I recently have decided to pursue my AAS in Marketing before completing my bachelor's degree, which I hope to complete by the end of this Fall 2020 semester. I come from a retail business background, having 10+ years of experience in the kid's fashion sector. With the combination of my business background and my future degrees, I plan on pursuing a career within the industry that better relates with my passion for fashion and selling trendy goods. Having managerial experience and understanding some of the financials behind running a business, I believe I can support my team in being able to best forecast our future sales as Zara's VP of Sales, ultimately leading the team to not only meeting but exceeding our planned sales goals.

HISTORY OF COMPANY

It all started in 1963 when Ortega established a dressmaking factory originally called Inditex. Ten years later, Ortega had a small store that was named Zorba in La Coruna Spain with a budget of a meager 30 Euros. Then changed the name to Zara with no intention. That's how the world's favorite fashion brand of today was born. Zara slowly expanded its empire from the town in Spain to the rest of the country and then later to Portugal. By the 1990s the store had expanded into the United States, France, and most of Europe. Today, Zara has close to 6500 stores across 88 countries around the world. The secret to Zara's success largely was because of the way it kept up with street fashion and the changing times. The brand takes a look at how fashion is changing every day and creates more designs to replace what they had in stores within a week or two. Most other fashion brands would take a whole six months to get their new designs into the market. That's where Zara came into place and beat the rest of the market by creating clothing among people who liked to keep up with fashion. Ortega was famous for his view on clothes as a perishable commodity that people would love to use and throw away. It is often cited that he produces 'fresh-baked clothes' that survive the changing street fashion trends for not more than a month or two. Zara is also known for having the most eco-friendly companies. Using solar panels and wind turbines in the headquarters in La Coruna. To be one of the few clothing brands that produce 100 % toxic free clothing. The most surprising thing about Zara is that there was no type of advertising payments to promote their business. Zara needed no advertisement to become such a widely loved brand. Talk about quality doing all the work!

They succeed by paying attention to what people were wearing on the streets and keeping up with different fashion people created. They were able to get to the world by understanding people's wants and never stopped in what they believed in.

MISSION STATEMENT

Zara's mission statement, as located on mission-statement.com is:

to “give customers what they want, and get it to them faster than anyone else.”

VISION STATEMENT

Zara’s vision statement is “to contribute to the sustainable development of society and that of the environment with which we interact.”(mission-statement.com)

GOALS AND OBJECTIVES

Zara's main corporate objectives are growth through store expansion in large highly populated cities and maintaining a competitive advantage through the constant release of a variety of new fashions regularly. The marketing objectives to increase brand awareness and extend the Zara fashion brand will contribute hugely towards achieving the overall objectives particularly the store expansion. To add on, Zara's marketing strategy is to create a customer focused product that will differentiate Zara from its competitors by bringing a fresh look to the plus size segment, feeding on the existing Zara name and values associated with the brand and stealing the variety-seeking customer from the competitors. With that being said another factor that could have an impact on the marketing strategy is the ever increasing focus on environmental issues. The major environmental impacts in the fabric sector arise from the use of energy and toxic chemicals which are utilised widely in many manufacturing stages such as pre-treatment, dyeing and printing. Zara currently executes most of these tasks in-house and could therefore face pressure from consumers making demands for environmentally sensitive production. This may mean that Zara would have to invest in research to find alternative materials or recycling options that could reduce the threat to the environment.

COMPETITION

Zara has many competitors on the market. They are Mango, GAP, M&S, Forever 21, American Apparel, boohoo, H&M, Gucci, Avenue Stores, Fab, Patloon, Fashion Nova, Nasty Gal, Woolworths, Ridhani, Inditex, J.Crew, and We Fashion. H&M, boohoo, and Forever 21 are considered Zara's top three competitors in 2020. Zara is ranked 2nd in the top 10 list competitors. The company employs almost 153,000 workers compared to 43,000 employees in top competitors organizations.

Let's take a closer look at Zara's top three main market competitors. H&M was founded back in 1947 in Sweden which suggests that the company has great experience in doing the business. Its profit exceeds Zara's by \$3.3 million. H&M is one of the world's largest clothing retailers and targets its products at men, women, children, and teenagers. Relatively new, Forever 22, established in California, USA IN 1984, quickly became popular among customers looking for fashionable clothing and accessories at a reasonable price. The company has only 33,000 employees, however, it is present not only in the Americas, but also in Asia, the UK, and the Middle East. Boohoo, founded in 2006 in England and is an online fashion retailer. It employs less than 2,500 people and earns only 7% of Zara's revenue. The company targets 16-24 years customers and sells clothes to the United States, Europe, and other countries with a total of more than 100.

The four main competitors, in particular, Zara, H&M, Forever 21, and boohoo aim at similar markets, but use different strategies to distribute their products. Zara and H&M have been in fierce competition for primacy. Despite H&M having larger sales, its operating profit decreased

by 60% in 2018, while Zara reported a profit increase of 7% and continued sales growth for the same period.

Zara's competitive advantages are determined by VRIO analysis which defines the company's value, rareness, imitability, organization. The value Zara has referred to its design, manufacture, distribution, and sales. Therefore, the products offered to the customers are original and authentic. Zara's brand is distinguishable from its competitors. Saving production time and outsourcing resources assures steady relations between clients and distributors. Clearly defined fashion trends following is one of the main competitive advantages.

Zara keeps up with the fashion industry trends and changes its offer accordingly. The company regularly designed new collections and sells out old clothing lines which encourages the target audience. Over time Zara has established an effective mechanism for introducing new products. The competitive advantage is often underestimated by many companies. Taking into consideration modern technology and the speed of the product life cycle, it is highly recommended and important that a business is up to date and can offer new products as soon as demand arises.

Knowing that one can rely on the brand in a need of finding the most current fashion solution builds time-tested clients' loyalty and helps to survive the competition. Most companies in the fashion industry avoid doing everything by themselves as designing, producing, distributing, and selling altogether requires extra time and work. Therefore, this advantage makes Zara stand up in the competition since the customers appreciate the company's effort to bring the best quality to them. Market research shows that Zara produces as many as 9000 units more than its competitors

per year. The pre-seasonal production is relatively low, while most of the items are designed during a season.

SWOT ANALYSIS

STRENGTHS

Zara has a Strong Supply Chain Management maintaining higher flexibility while it maintains a good level of integration and communication. Zara Unique Designs is one of the main advantages of why they are very successful today. It has many designers on board who are very well at understanding the Zara brand and customers' requirements as well. The clothes are stylish, high-quality, and have a good finishing to its brand. Its huge collection for men, women, and kids includes office wear, casual wear, and party wear. All the accessories are an important part of Zara wear. With Zara having so many options for people of ages and categories people can be unique in their way. But with that being said Zara's Investment in Technology made a huge investment in many modern technologies that have streamlined the process of its retail network and supply chain. Aside from the RFID technology, it creates better inventory management in the stores.

WEAKNESSES

Zara has Low Presence In many fast-growing markets like India and Malaysia, the Zara stores

are less. There are fewer stores in New Zealand and Thailand as well. stores are less as compared to the stores in the UK, USA, Russia, China, Spain, etc. Zara should place more stores in many other markets, due to it being a weak point for the brand. Also, Zara has been into less marketing and promotion of its brand. Instead of advertising and promoting its products to push more sales, it is trying to bring customers basis their requirements and likes. Using this method, Zara has not advertised much and created a strong presence. While there is a lot of competition, the brand would face a lot of challenges without having a marketing strategy in place. Hence, the brand might invest a lot in marketing to get more sales and increase its customer base. Although Zara is known for keeping up with does not focus more on anything specific but instead has everything for all. This is a big weakness for the brand because customers might shift focus to competitors whose focus is on one thing. It could be pants, shirts, party wear, dresses, etc. Zara lacks focus.

OPPORTUNITIES

Zara has always focused on customer experience and to provide great customer service, it can consider improving its customer service more by investing in virtual reality and many other similar technologies. While the brand is more customer-oriented, it is highly useful to convert shopping to a better experience using these latest technologies. To add on marketing can be a perfect opportunity Even though Zara has a good customer base, it can increase its customer base by resulting in more sales on venturing out in marketing and promotions. As of now, it invests less in marketing, but investing more in marketing and having a proper marketing strategy in place so that it will be good for the brand. This would help them to have more customers and

increase their sales. Zara has a huge retail channel set up in many parts of the world. It is still not prominent in a few places like India, Singapore, Malaysia, Thailand, and New Zealand. India is indeed a highly profitable marketplace for such top brands. The company should venture into more markets to expand its growth. Lastly, setting up e-commerce to buy products should take advantage of the buying patterns to produce clothes for online commerce as well. This would see huge growth for the brand.

THREATS

Zara sees huge competition from the other top brands in the fashion industry. This creates a lot of pressure on its sales and marketing. While Zara has a great brand value and has got a well-defined supply chain, it does see competition from many other fashion brands. Also with Zara, its Various political and legal regulations of the business industry are on the rise. All over the world, legal and government agencies are regulating businesses that include the fashion industry as well. The fashion industry sees many rules of regulations in place. Right from labor to quality and in many areas, the industry must be compliant with laws. The laws vary from market to market and from country to country. When there are more regulations it is a threat to the brand so that can trigger certain aspects to the business. Lastly, the cost of raw materials is always on the rise and it is a huge threat to the brand. Zara has a proper and integrated supply chain in place and is dependent on the raw material to the fullest. But when there is an increase

in the raw materials and labor cost, it would increase its operational cost as well. This would hurt its profits which is a threat to it.

SALES OBJECTIVES

Zara's sales objectives form a road map for achieving the company's long-term goals and objectives. Each of them contains concrete steps to assure completing overall targets in the shortest possible time. The main goals which the company sets for itself from year to year are improving the performance and selling more products. They are divided into attainable sales objectives which allow the team to realize them by following a detailed step-by-step plan.

The owner of the Zara fashion brand, Inditex, has recently launched its plan for 2020-2022. Based on Zara's upcoming plans, revolved around buyers' behavior, sales personalization, and boosting digital capabilities, the desired sales objectives are the following. First, increasing sales and profit. Unfortunately during the COVID-19 pandemic, the sales of all brands owned by the group, decreased by 44%. This was the result of the closure of more almost 90% of stores worldwide. In the next two years,, the company sets the goal to increase levels of net sales, net profit, and net cash. Secondly, ZARA plans to boost its technological abilities. During the first quarter of 2020, online sales went up by 50% and increased by almost 100% in April 2020. Given the sales indicators, the Inditex group developed an innovative digital transformation

strategy worth €2.7 billion. It will be implemented with a help of microservices responsible for integrating the needs of each department into a joint system without any time-consuming changes in it.

Third, Zara plans to scale-up its eCommerce. By 2022, online sales should be 25 % of the total income. Before the COVID-19 pandemic has taken over numerous industries, in particular, clothing retail, Zara online sales never exceeded 15%. The company plans to deploy its eCommerce platform which began to develop in 2018 and will be combined with distribution, order placing, purchasing. The next sales objective is increasing the number of employees. However, they will be mostly online customer care agents teams and RFID (in-store security technology) agents. The fifth sales objective is integrating physical locations. The company plans on cutting the number of small edits by 1,000 - 1,200 which will result in approximately 6,800 stores, mostly larger and equipped with the newest sales technology. Besides, Zara plans on opening almost 500 large stores. Their main purpose is a combination of physical and online sales.

Sales objective number six is a transition to the store mode. With a help of the new eCommerce platform, customers will be able to get assistance, buy the product online, collect it in no time, and check the location of items within the store. Last but not least, Zara plans to promote environmental sustainability. The “Energy control platform” will be used in all stores which only utilize renewable energy. The energy savings will amount to 20%, the water savings 50%. Most stores have already been equipped with the system. In the upcoming year, Zara plans to complete the process and implement the control platform in the rest 20% of the locations.

Also, the company will reduce waste by improving the recycling and reuse of cardboards, packaging, as well as avoiding plastic in the stores.

The listed sales objectives should make a significant impact on the volume of sales during the next two years and change Zara's profile, make it up to date and provide uninterrupted access to the stores during the difficult time of the pandemic. Zara's sales objectives are developed according to the SMART mindset. They are specific, measurable, achievable, relevant, and time-based. They are to be implemented fast, bring the company the lost revenue, and assure further stability. The new tendency of increasing online sales and making them the main component of the company's success is a long-term vision. It will also assure competitiveness and proven leadership on the market.

MARKETING SEGMENT

DEMOGRAPHICS

The Zara brand is key in finding the latest garments always on trend and at an affordable price. The main customers are teenagers to middle age working women with a mid-range income and a busy lifestyle. Zara targets a heavily influenced European fashion customer yet catering to both smaller size and plus size buyers. Zara's fast fashion marketing approach allows a consumer to see the catwalk appearance on the runway show and then 3-4 weeks later at your local Zara Shop. This shopper wants to go straight to a one stop shop and buy a work outfit, a Saturday night out look, and be able to find a cozy Sunday fit all for a reasonable price! Although Zara

offers Children and Men styles the customer is mainly Women shopping for herself and/or her kids and why not even swing by the Men section to find something for her husband.

PSYCHOGRAPHICS

The Zara customer is highly fashion forward with lots of confidence and a unique sense of fashion. Extremely artistic with a hobby in photography. The Zara customer also does yoga or pilates on the weekend and has a strong belief in climate change and going green.

PSYCHOLOGICAL INFLUENCES

The target customer loves keeping up with trends and looks from fashion's shows, social media, as well as high end fashion magazines. Fast fashion mirrors the most popular trends at affordable prices while constantly keeping up with the constant rapidly changing trends. Zara thrives on recognizing and responding to fashion trends as fast as possible in all facets of its operation. From the initial consumer trends, Zara quickly adapts to the consumer demand trends with incredible speeds in creating and displaying their products in their store shelves for consumers while also having some of the lowest industry pricing.

PRINT MEDIA

The adequate print media to market Zara's produce is internet marketing. Zara's target markets include millennials and partially Generation Z. Gender varies as Zara is made accessible to both men and women. The age group ranges from eighteen to thirty five year olds belonging to the middle class with a busy lifestyle. Which makes internet marketing the best option as these adolescents and adults have busy schedules. Whether it be from juggling college courses with a side job or a nine to five along with bills to pay or maybe even a family to raise. Thus, internet marketing in the form of social media marketing, emails and Zara's main website to advertise the merchandise in order to help drive traffic to the company's merchandise creating leads and converting them into sales is ideal.

Social media marketing leads to inbound marketing which opens up a communication channel between customers and the company. Potential social media platforms such as Facebook, Instagram and now popular Tik Tok are utilized as it will gather the most attention and increase ample consumer interest and desire which ultimately leads to a sale. While targeting both generations. On the other hand, millennials check their emails regularly as that is what is familiar and preferred by this age group seeing as that is what was thought to them by their baby boomer parents. In addition to which, not all adults have the leisure time to 1) check social media platforms daily and 2) give their attention to advertisements on them. Therefore the option of email subscriptions for updates on new products and sales further narrows down and targets this

age group. Implementing such thus far, “the brand has grown overall sales by around 50% in five years to \$17.5 billion.” and “the company only spends about 0.3% of sales on advertising”

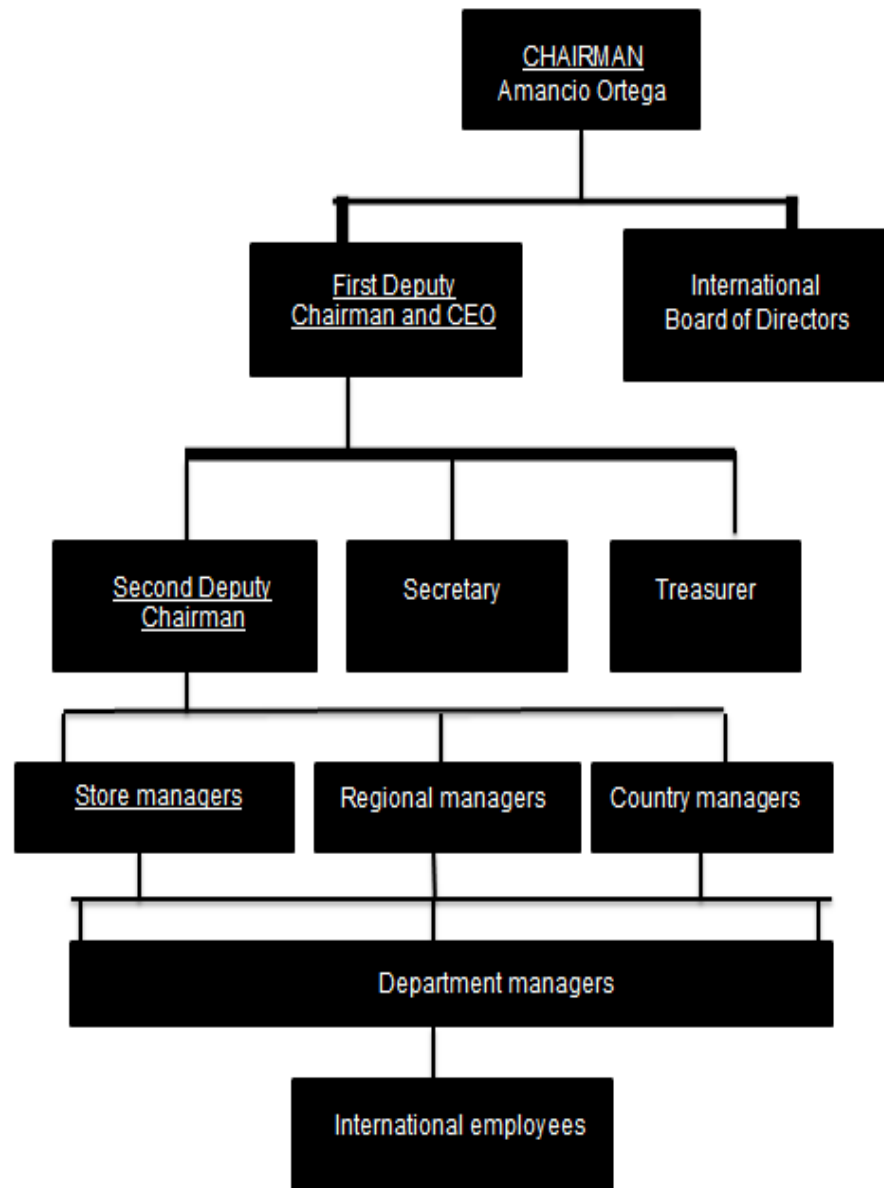
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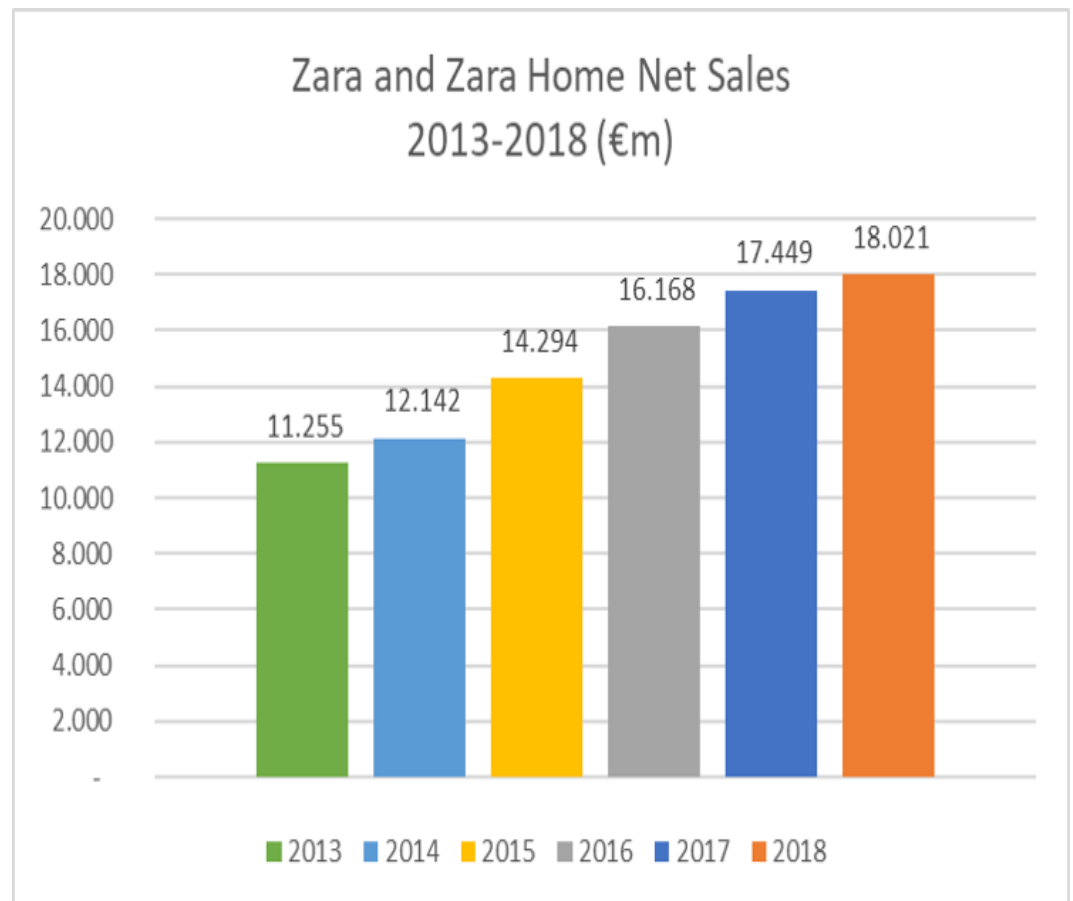
Zara’s target demographic would be young adults between mid 20’s to mid 30’s who need to dress a bit more maturely than they did when they were younger. In simple terms it’s basically the matured version of h&m.

The clothing is very fast fashion which means the targeted customer would need to be following current trends in pop culture and fashion. You will see a lot of their merchandise includes chinos, khaki shorts, jackets and leather shoes.

Fast fashion companies tend to target a lot of younger generations as the manufacture of their clothing is very affordable and hence younger generations are able to shop with them. A typical brand like Zara finds what’s trending in pop culture and manufacturers a more affordable product for wearers. Although the quality is not as good many people between mid 20s and 30s will shop there for trendiness and affordability.

ORGANIZATIONAL CHARTS AND GRAPHS





BALANCE SHEET

	Period Ending:			
	2020	2020	2020	2019
	30/09	30/06	31/03	31/12
Total Current Assets	21.45	23.35	26.45	27.41
Cash and Short Term Investments	13.82	14.51	14.04	15.48
Cash	8.77	8.08	7	8.05
Cash & Equivalents	5.05	6.42	7.04	7.42
Short Term Investments	-	-	-	-
Total Receivables, Net	6.08	7.24	10.64	10.26
Accounts Receivables - Trade, Net	1.77	2.01	4.41	5.23
Total Inventory	1.55	1.6	1.77	1.67
Prepaid Expenses	-	-	-	-
Other Current Assets, Total	-	-	-	-
Total Assets	204.54	206.59	209.41	211.17
Property/Plant/Equipment, Total - Net	164.0	164.3	164.5	165.5
Property/Plant/Equipment, Total - Gross	-	-	-	-

Accumulated Depreciation, Total	-	-	-	-
Goodwill, Net	-	-	-	-
Intangibles, Net	-	-	-	-
Long Term Investments	16.06	16.14	16.23	16.34
Note Receivable - Long Term	-	-	-	-
Other Long Term Assets, Total	3.02	2.76	2.17	1.9
Other Assets, Total	-	-	-	-

Total Current Liabilities	18.94	19.72	19.07	18.59
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Accounts Payable	6.54	7.41	7.01	6.87
Payable/Accrued	-	-	-	-
Accrued Expenses	-	-	-	-
Notes Payable/Short Term Debt	4.4	3.51	2.77	2.05
Current Port. of LT Debt/Capital Leases	0.89	0.82	0.82	0.94
Other Current liabilities, Total	7.11	7.98	8.48	8.74

Total Liabilities					44.49	44.03	43.36	43.18
Total Long Term Debt	5.27	3.74	3.06	3.14				
Long Term Debt	2.63	0.96	0.24	0.24				
Capital Lease Obligations	2.64	2.78	2.82	2.89				
Deferred Income Tax	0.39	0.4	0.42	0.44				
Minority Interest	19.8	20.0	20.7	20.8				
Other Liabilities, Total	0.1	0.11	0.11	0.12				
Total Equity					160.05	162.56	166.04	167.99
Redeemable Preferred Stock, Total	-	-	-	-				
Preferred Stock - Non Redeemable, Net	-	-	-	-				
Common Stock, Total	150	150	150	150				
Additional Paid-In Capital	-	-	-	-				
Retained Earnings (Accumulated Deficit)	3.98	6.45	9.88	11.7				6

Treasury Stock - Common	-	-	-	-
ESOP Debt Guarantee	-	-	-	-
Unrealized Gain (Loss)	6.08	6.11	6.16	6.23
Other Equity, Total	-	-	-	-
<hr/>				
Total Liabilities & Shareholders' Equity	204.54	206.59	209.41	211.17
<hr/>				
Total Common Shares Outstanding	150	150	150	150
<hr/>				
Total Preferred Shares Outstanding	-	-	-	-

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