

New York City College of Technology

Zara Case Study

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Zara is a huge growing brand that first opened its doors back in 1975. Now we are able to find a Zara store all over the world selling its unique fashion apparel. Zara's business model has worked for their type of specialty store and has allowed them to branch out in many countries. However, Zara does not take the traditional approach when it comes to producing its apparel. They use strategies that most other businesses do not to keep up with the ever-changing fashion market. This can end up becoming the downfall of this highly sought brand and cause them to lose market share. By evaluating Zara's current marketing and distribution strategies we will be able to see how they would survive in different local markets. Zara should change its marketing strategy so that it is able to adapt and survive in any market they choose to place a store.

Inditex, which is the parent company of Zara, is a vertically integrated company which means items are manufactured internally and then distributed to stores. Their marketing strategy is to quickly follow and respond to ongoing and upcoming trends. By keeping up to date with magazines, fashion shows, runways, pop culture, and more, they are able to quickly respond and manufacture clothing items that are currently trending. When the apparel reaches the store the items are kept track of to see if consumers are actually buying the product. If headquarters see that the item is not selling well then items are swiftly taken away and are sold at other stores or disposed of. When it comes to retailing and distribution, Zara has found that its vertically integrated model has worked quite well for them and has made them a profitable company. By reducing merchandising cycles and inventory risks they have been able to see an increase in financial gain. Although Zara is a strong retail store they rely very little on promotion. They do little advertising and when they do it's "generally limited to the start of the sales period at the end of the season". They focus a lot more on storefronts and window displays to help generate foot traffic in their stores.

All of these things are some of the main challenges that Zara's business model has to face. They have gained success by being able to quickly respond to new trends and distributing the items to stores and I believe they should continue to do just that. By being a follower to they dont have to waste resources on trying to figure out what the next best thing will be. Instead, they keep a close eye on the fashion world so that they are able to bring in what's trending and dispose of what's not. Their merchandising strategies should be kept as well because their system allows them to minimize inventory while still keeping the necessary amounts of apparel to be sold to consumers. Zara's promotion strategy, however, should be completely revamped and updated especially in today's world. For a long time, Zara has relied very heavily on its store front and window displays to attract customers. This in turn leads them into entering most markets with a flagship store because Zara is focusing on enticing customers with its looks. These flagship stores allow the company to gain an idea if they should expand or not based on the results they gain after opening. However, their strategy will begin to become obsolete and the world is transitioning to a much more digital era. As stated before they do not spend a lot of time digitally advertising their brand to the masses which will prove to be their downfall. Many people do not like to go to the physical store anymore to avoid wait times, bad service, or just simply because they can't be bothered to get up and go. Zara should start to shift there focus to advertising on social media platforms such as Instagram, Twitter, and TikTok. As they do that they will surely start to see an increase in online visits to their website which will also lead to an increase of sales. Store windows are a great way to display your brand but should not be the main focus of the brand.

Zara's marketing and distribution strategies are very unique because most other companies do not follow the same methods. Zaras distribution center is based in Spain and this is

where all other stores get their merchandise from. Much like other popular brands like Nike for example, the company outsources its products. By manufacturing the apparel in a different country they are able to save money on labor and other expenses. Nike manufactures its products in another country and distributes them to the stores they have around the world. However, Nike does not wait to follow trends and actually sometimes becomes the fashion leader. Zara on the other hand waits to see what is trending and then decides what to put on into the market. If Zara decided to enter into my local market some of their strategies would work and some wouldn't. For one, their merchandise strategy wouldn't work because I live in an area where everyone always wants to be one step ahead in fashion. The consumers in my area don't want to wait for someone to be a copycat but for someone to make something new and innovative. The strategy that would work is their distribution system. Outsourcing from another country and having the items shipped to the local store is a great strategy that would help with profits. On top of that, being able to keep track of what is selling and what is not is also a great way to ensure you only keep in stock what is profitable.

Although Zara has many key strategies that were kept them successful for many years, sometimes it is not okay to stay the same. By updating the strategies that you implement into your brand you are able to maintain profits and keep your position in the market. By ensuring strategies such as merchandise, distribution, promotion, and pricing are always in sync with the time you are adapting your business model to maintain a successful brand.

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