

ZARA

Study case

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15.12.2021

ZARA



INTRO

This study case aims to analyse the Zara brand from a business prospector with a global analysis, and it will conclude with Future Strategy and recommendations.

1975	Amancio Ortega opened the first Zara store in A Coruña.
1976	Zara's business model reduced the gap between consumer and product at an affordable price.
1985	Inditex is founded
2006	Zara developed Environmental Strategic Plan
2007	Zarahome.com became the first online store, and they signed an agreement with IndustriALL, and the international trade union federation, to strengthen labour rights.
2010	Zara goes online, and 5,000th eco-efficient store opened in Rome. They also present a new Environmental Strategy Plan, called Sustainable Inditex.
2012	Zara opened the flagship eco-store in London's Oxford Street, and a new image opened at the Fifth Avenue store in New York.
2013	New-image flagship stores opened in Paris and Zara was the first to sign the landmark Accord on Fire and Building Safety in Bangladesh.
2015	Zara reached the 7,000-stores milestone in Hawaii, and it set up a special profit-sharing plan for its employees

- 2016 International recognition for sustainability work
- 2017 Zara expanded the Join in Life sustainable collection in-store and online.
- 2019 Driving digital and sustainability transformation



MISSION



Zara is working day by day to provide value to the customer through their products, and customers satisfaction is the priority. Moreover, during the research, it noticed how Zara focuses on geographical area needs or customer groups.

For instance, In 2015, a lady called Miko walked into the Zara store in Tokyo asking for a sales assistant pink scarf, but they did not have any. Almost simultaneity, in Toronto, San Francisco and Frankfurt. After seven days, in 2,000, Zara's store started to sell pink scarves and sold in three days.

Zara, during the years, has been focused on people and the environment. For this reason, Zara introduced a sustainable collection and strategy program called Join in Life. For the website, the company shows the sustainable plan and its commitment to be hundred per cent sustainable by 2050. Furthermore, Zara's warehouse produces most energy from solar panels and wind turbines.



Join in Life

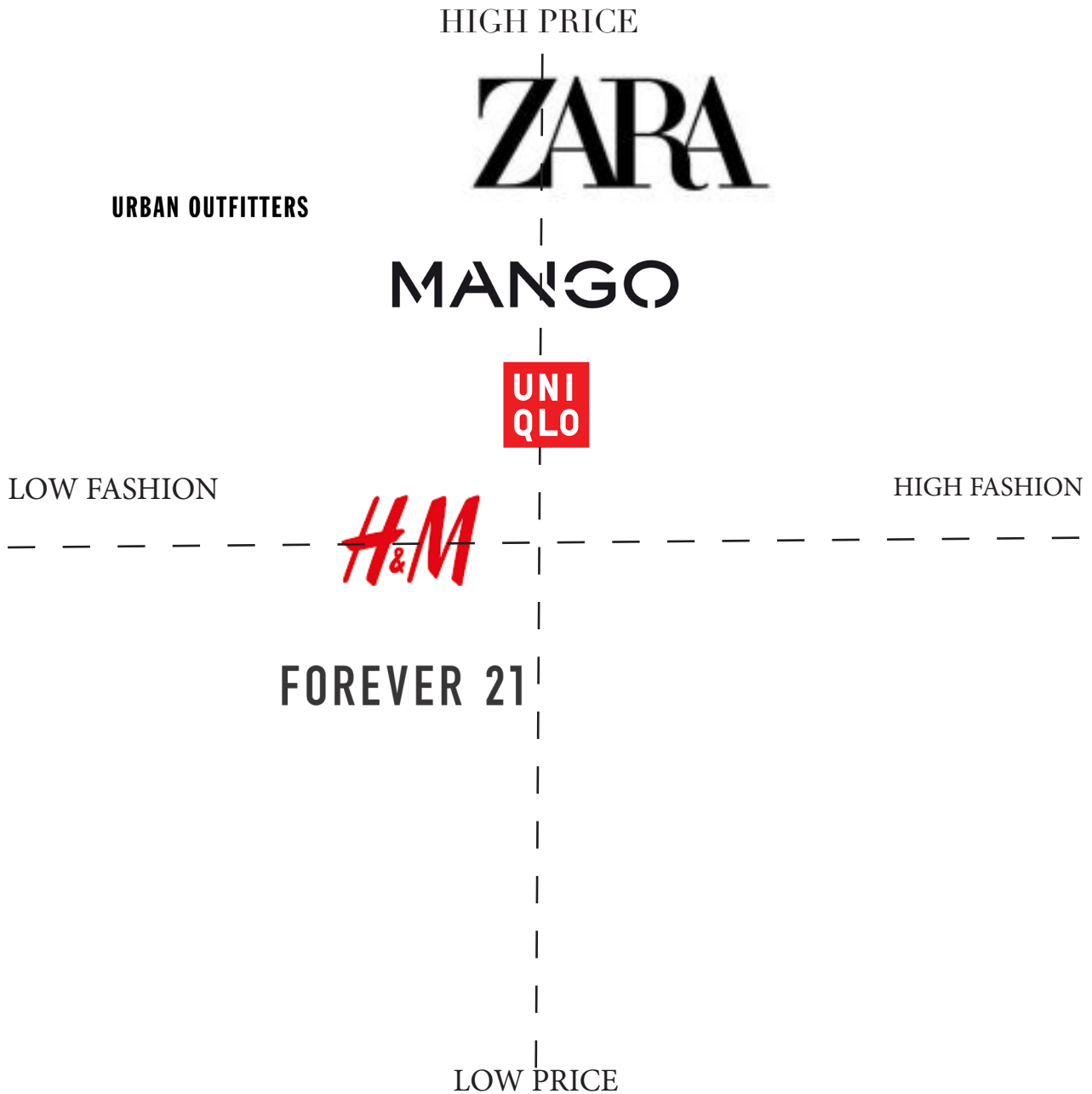
USP

Zara can produce the latest trends from fashion week in less than five weeks and is available in the store.

Another, Zara has essential items that it can produce over years and years in its collection. However, it has fashionable items that can stay less than four weeks; for this reason, the consumer is motivated to go in-store more than once.



Market position



MACRO ANALYSIS

Product and service



Zara is one of the largest fast-fashion retail for its physical presence and service to consumers. The brand produces clothing, accessories, shoes, swimwear, beauty, perfumes and home. Moreover, Zara's service provides a "trendy item" that can be in any store in less than one week. This timely reply from Zara to the consumer is a winning move.

Global PESTEL



Political:
Worker rights and child
labour laws



Economic:
Covid 19: losing jobs across
the country



Social:
Black lives matter
Woman rights



Technological:
Technology helped the Fashion system during the lockdown to still engage with its customer



Environmental:
Sustainable production
Cycle the material
Alternative material

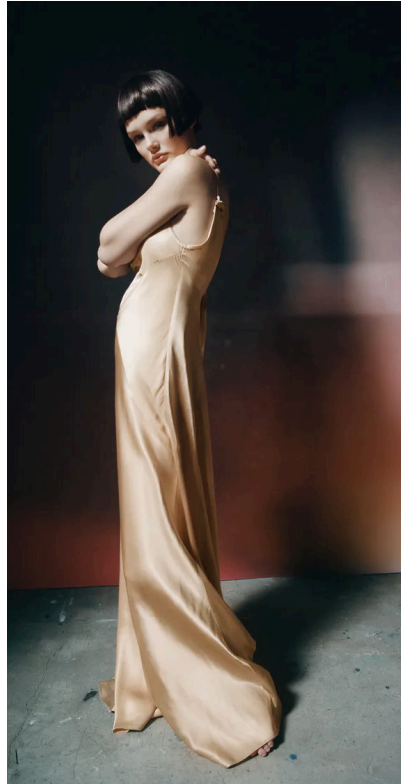


Legal:
Tax restrictions
Inflation costs
Export restrictions

Zara PESTEL



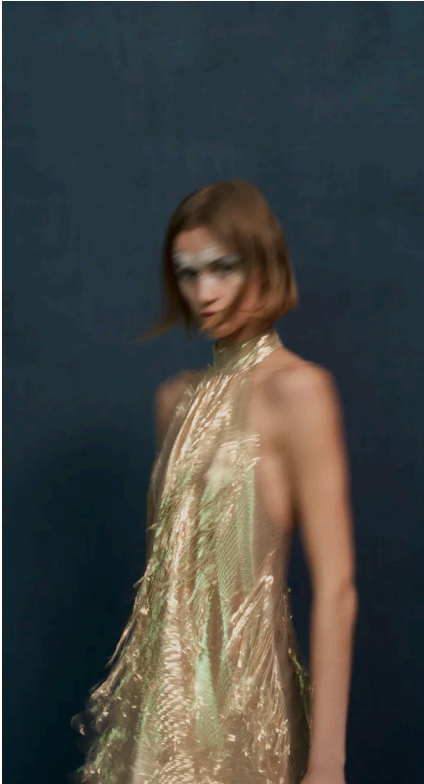
Political:
European Union:
Free trade agreements
and tax-concessions



Economical:
Low-cost labour
Relative Affordability



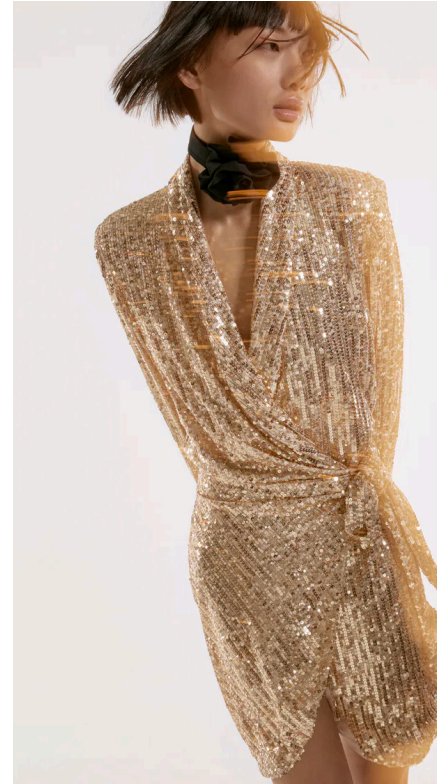
Social:
Fashionable brand
Online shopping trend



Technological:
Data



Environmental:
Fast fashion and the
sustainable issues



Legal:
Copyright issues

Global sustainability issues



- Poor governance
- Food waste
- Biodiversity loss
- plastic pollution
- Deforestation
- Agriculture
- Global warming from Fossil Fuels
- Melting ice caps
- Sea level rise
- Food and water insecurity

Global ethical issues



- Outsourcing
- Working standards and conditions
- Workplace diversity and equal opportunity
- Child labour
- Trust and integrity
- Supervisory oversight
- Human rights
- Religion
- The political arena
- The environment
- Bribery and corruption

Zara ethical



- Publish details of supplier policies, audits and remediation processes
- Supplier list in the final stage of production
- labour rights
- Gender equality
- Protect suppliers and workers from Covid-19

Zara environmental



- Closing the loop: drop off customer used garments
- No evidence to minimise texture waste

FASHION REVOLUTION



Fashion Revolution has founded after the tragedy in Rana Plaza in 2013; this organisation is the world's most significant fashion activism movement, mobilising citizens, industry and policymakers through our research, education and advocacy work.



The final score according to Fashion revolution for Zara is 36%, and the organisation value the brand in a specific category, which are:

Policy and commitments: 89%

Governance: 62%

Traceability: 1%

Know, show and fix: 34%

Spotlight: 42%

What kind of materials does Zara use?

Cotton, linen, polyester and viscose

According to the website, by 2025, Zara will be fully sustainable and have zero waste.

Where does Zara get its raw materials?

Spain, Portugal, Turkey and Morocco



C O N S U M E R ATTITUDE



According to a WGSN report, there is a crucial customer attitude:

Digisexuality:

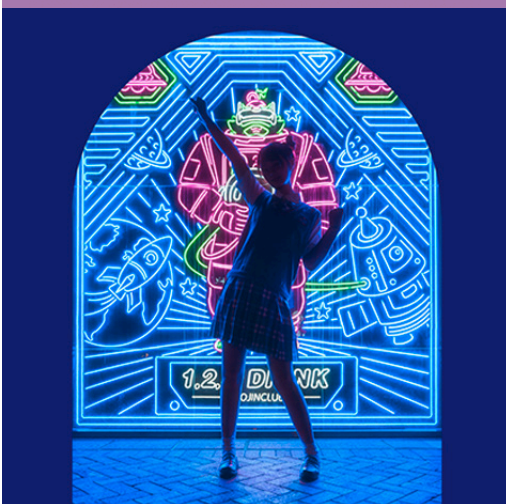
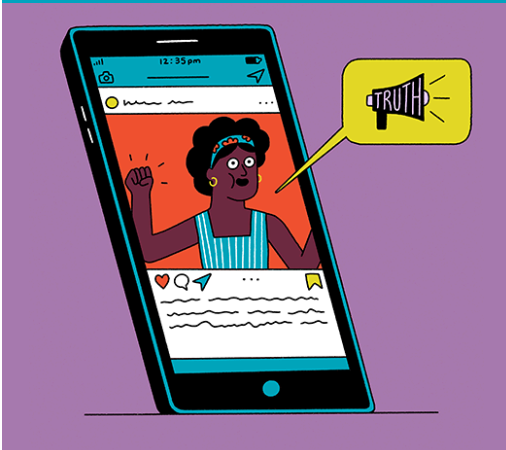
Before the pandemic, it showed a new behaviour, accelerating during the lockdown. The people feel freer to have relationships through technology; this breaks all the human relations with a human being in reality.

Genuinfluencers:

For many years, we have seen social media, especially influencers, like ideal models and something that seems perfect. However, during the lockdown, the people want to see more reality and a genuine model.

Gamified Retail:

The technology and play game has impacted retail as well, so we will see a brand that, with technology, will give the customer a unique experience.





Zara has responded to this new attitude with a new store concept; the store will have Automated Collection Point (ACP), so the customer can pick up online orders using QR codes or PINs provided at the time of the order a self-service and refund tills.

The brand has invested \$3 billion in technology, and with the app, the customer's journey will be much easier. The customer can reserve a changing room and find the items via map and self-check-out using QR codes.

CSR ANALYSIS

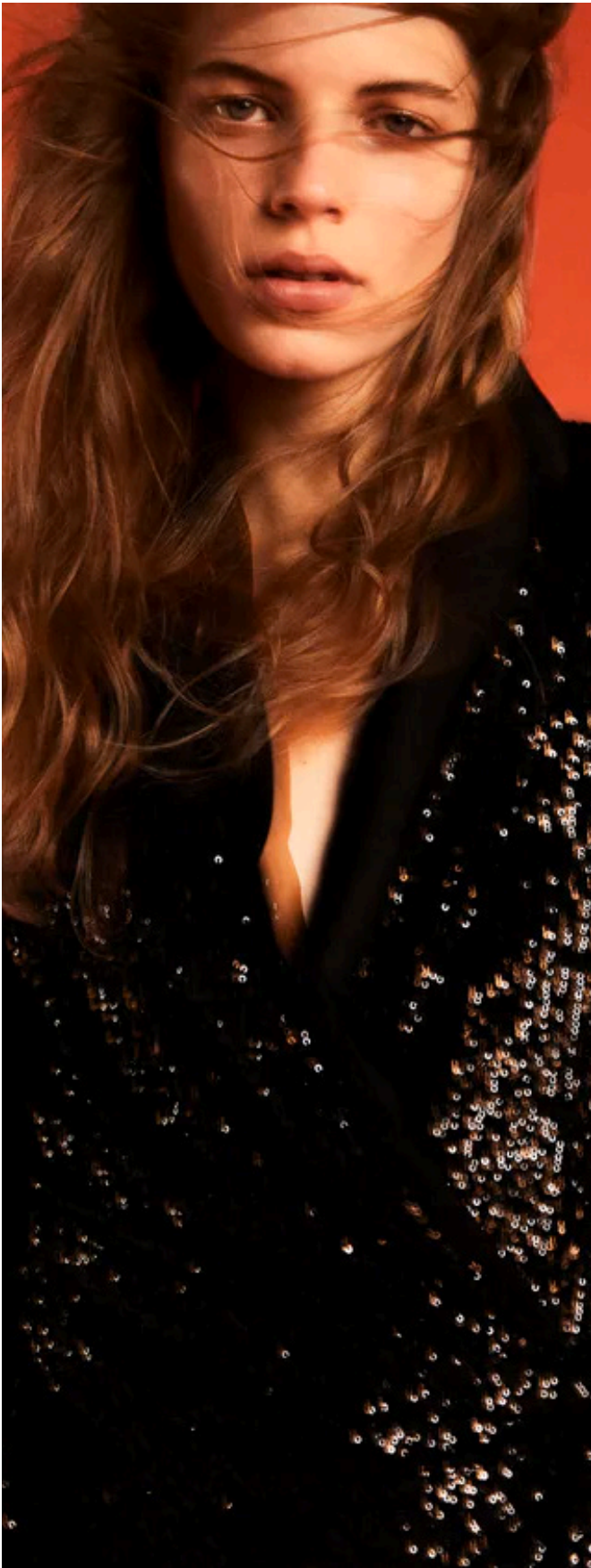


By 2022, 100% of Zara buildings will have electricity from renewable sources.

The company has a sustainability plan that touches all from design and sourcing to manufacturing, quality control, logistics and online and in-store sale.

Thank to new technology, Zara has introduced policies and projects to maintain and improve the sustainable programme, including social, environmental and product health and safety.

In 2020, Zara used over 73,00 tonnes of sustainable cotton, and the brand used over 9,000 tonnes of recycled polyester. Zara used only PEFC or FSC for bags, labels and office paper.



Zara has created “The list”, a tested list of the best chemicals used for protecting Health and Safety and clean production processes.

Zara has collected more than 62,000 tons of garments since 2015 for the clothing collection program.

The company collaborates with prestigious institutions (Massachusetts Institute of Technology) to support innovative textile recycling processes. In 2019, the company had established a fund of 1 million to promote sustainability research.



Strengths

New store concept more sustainable
Supply chain
The solid sustainable and ethical programme Join in life.



Weaknesses

Overproduction
Ambition sustainable and ethical programme
Low safety stock



Opportunities

Zara needs to show the reality and mainly document their real goals commitment so far from the Join in life programme.



Threats

Competition
Zara can lose its credibility and customer if it will not show more transparency.

Zara produces 24 trend collections every year, almost 20,000 designs per year. We cannot consider the brand sustainable and eco-friendly for this massive production; in particular, the brand still uses eco-leather made from plastic.

Zara still fails to pay a living wage across its supply chain despite such a huge profit margin.

Unfortunately, even the living wage for the supply chain failed; in 2020, over 100 workers lost their job at the Huabo Times factory in Myanmar. According to The Guardian's article, the workers make around \$3 per day, or £2,44.



FUTURE STRATEGY

For sure, Zara has an essential impact on the fashion business; but some recommendations are.

Zara is already introduced more sizes in its range, but it is still promoting a skinny model, so the customer does not identify this change.

So Zara should have models of different sizes and put a specific section online or use social media to show sustainable progress.

For sure, fast fashion and sustainability are not in the same line. However, the fashion system is changing, and even the customer attitude with a new awareness.

How can an overproduction of garments be sustainable?

Zara can lead a new change in fast fashion, and the brand needs to reduce the production but keep the same number of designs; in this case, they will reduce the waste.

RECOMMENDATIONS



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Photo: Zara website