

ZARA

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# **Business Case Study of ZARA'S FAST FASHION**

By  
Oishik Biswas

# Observation of Amancio Ortega

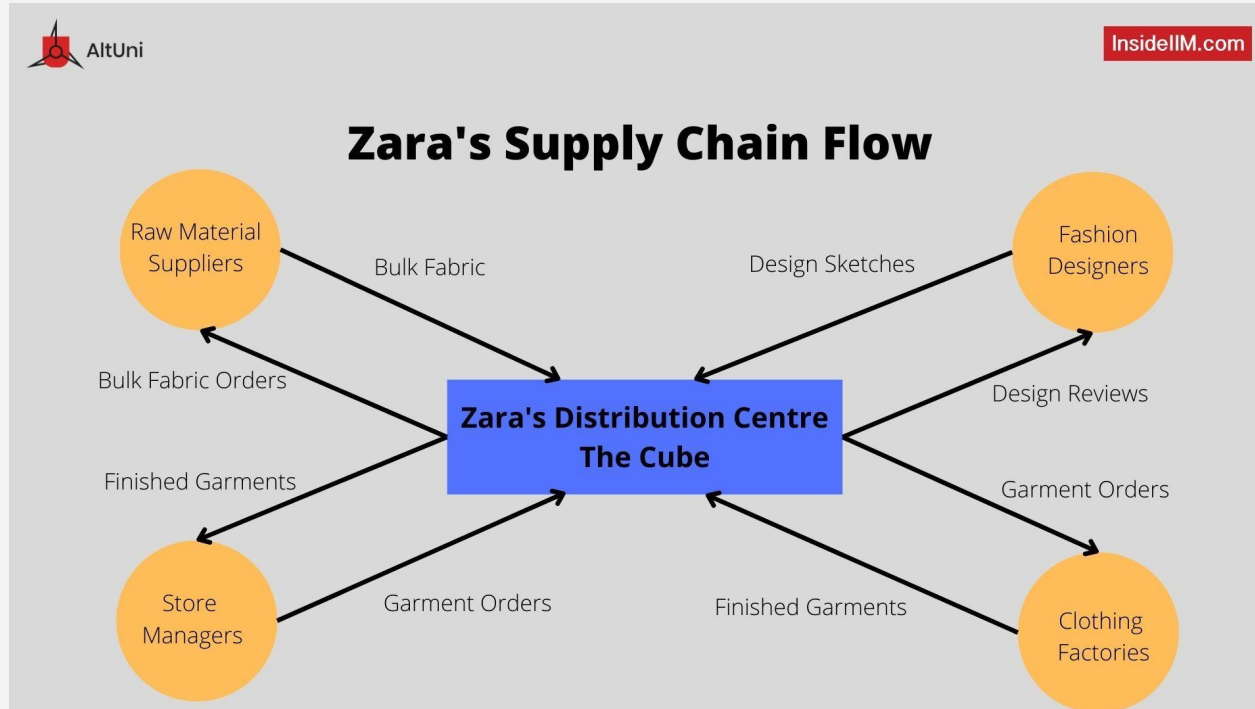
- **Instruments of status** → For 20 34 years of women, it's their clothes.
- **Critical parameters for status instruments** → For women clothes, variety + designs > quality
- **Existing stores did not catch up quickly** → Designed clothes were too expensive

# Zara Business Strategies

- Buying medium quality clothes as high quantities.
- Finding the trends of designs and what types of designs are doing well in premium outlets.
- Travel and observe tastes of different countries.
- Eye on pop culture.
- Normal brands have new product in every 2 months, where Zara fashion brand bring new product every 2 weeks → Fast Fashion

# Fast Fashion Supply Chain

Research → Designing → Tailoring → Transport → Display



# Zara Marketing Identity

- Medium quality fashion clothing at affordable prices.
- Focused on designs and variety.

# Superpowers of Zara

- **Excited customers** → New designs at every 2 weeks to make customers curious, very high footfall increase their sales.
- **Discounting**
- **Just in time production + Just in case consumption.**



# Facts about Zara

- Zara uses just in time → saves inventory cost.
- Customer buy with just in case mindset → spend more
- Zara clothes are designed for lasting 10 - 15 washes.
- People buy more at Zara, so come to shop more, have more footfalls.
- 1200 new designs every year.
- Leads to environment nightmare.

# Fast Fashion Environmental Damage



# Fast Fashion Environmental Damage

## Environmental Impact of the Fashion Industry

### Landfill Waste

On average, every American produces 80lbs. of textile waste per year.



85%

85% of clothing produced each year ends up as landfill waste.

### Water



Approximately 1,800 gallons of water are used to produce a pair of jeans, 400 gallons for a cotton shirt

The clothing industry is responsible for 20% of the world's industrial water pollution

20%

### Pollution

An estimated 8-10% of global carbon emissions are produced by the fashion industry



### Microplastics

35%

35% of ocean microplastic pollution is caused by fibers shed from synthetic fabrics.

## Impacts of fast fashion

**26.7kg**

UK consumption of new clothing per head (highest in Europe)

**235m** items of clothing sent to landfill last year

**700,000** fibres released in a single domestic wash

**1.2bn** tonnes of carbon emissions produced by global fashion industry (2015)

**3,781** litres of water used in full lifetime of a pair of Levi's 501 jeans

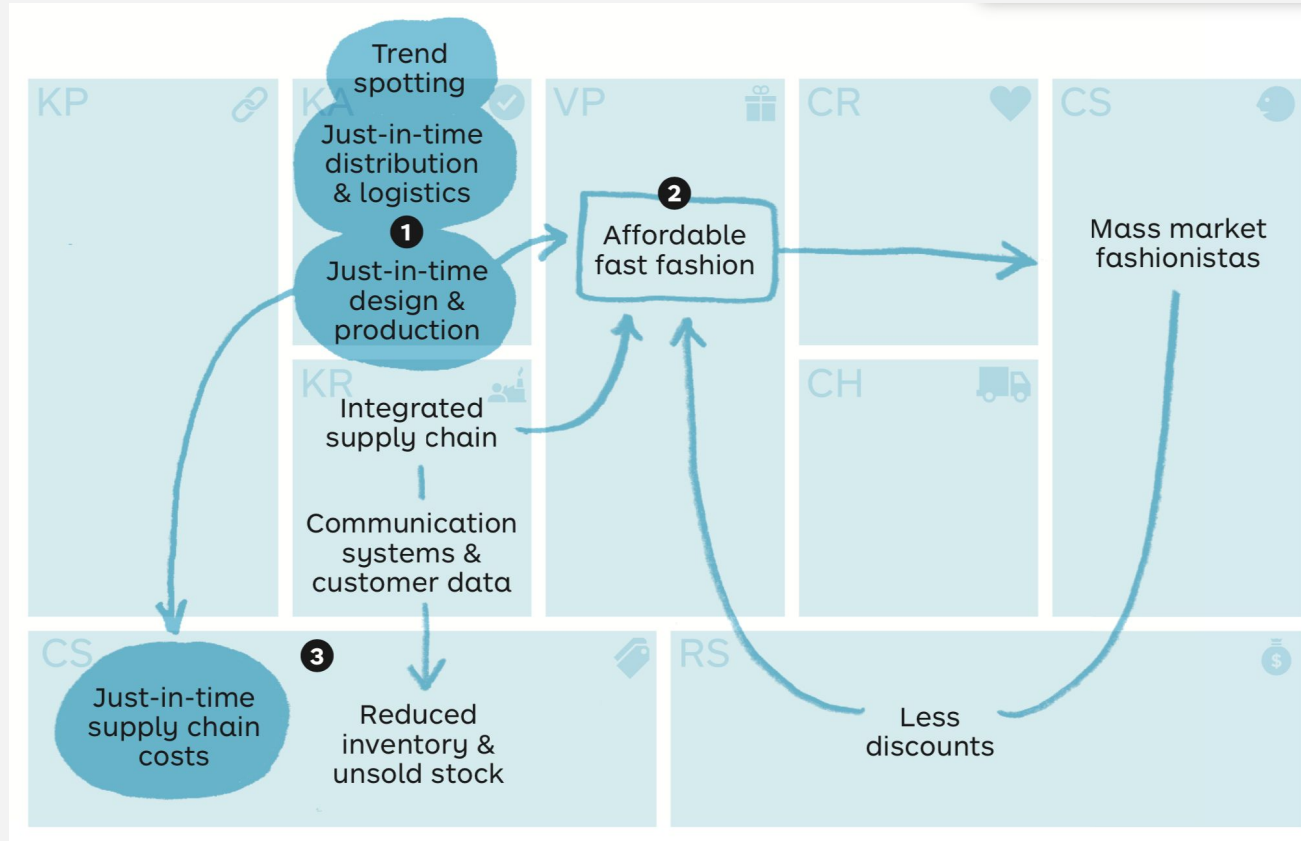
Enviro Audit Committee submissions



# Customers Responsibilities

- Analyse their instrument of status.
- Find out how brands try to increase consumption.
- Make a conscious choice to support the right brands.

# Zara Business Model

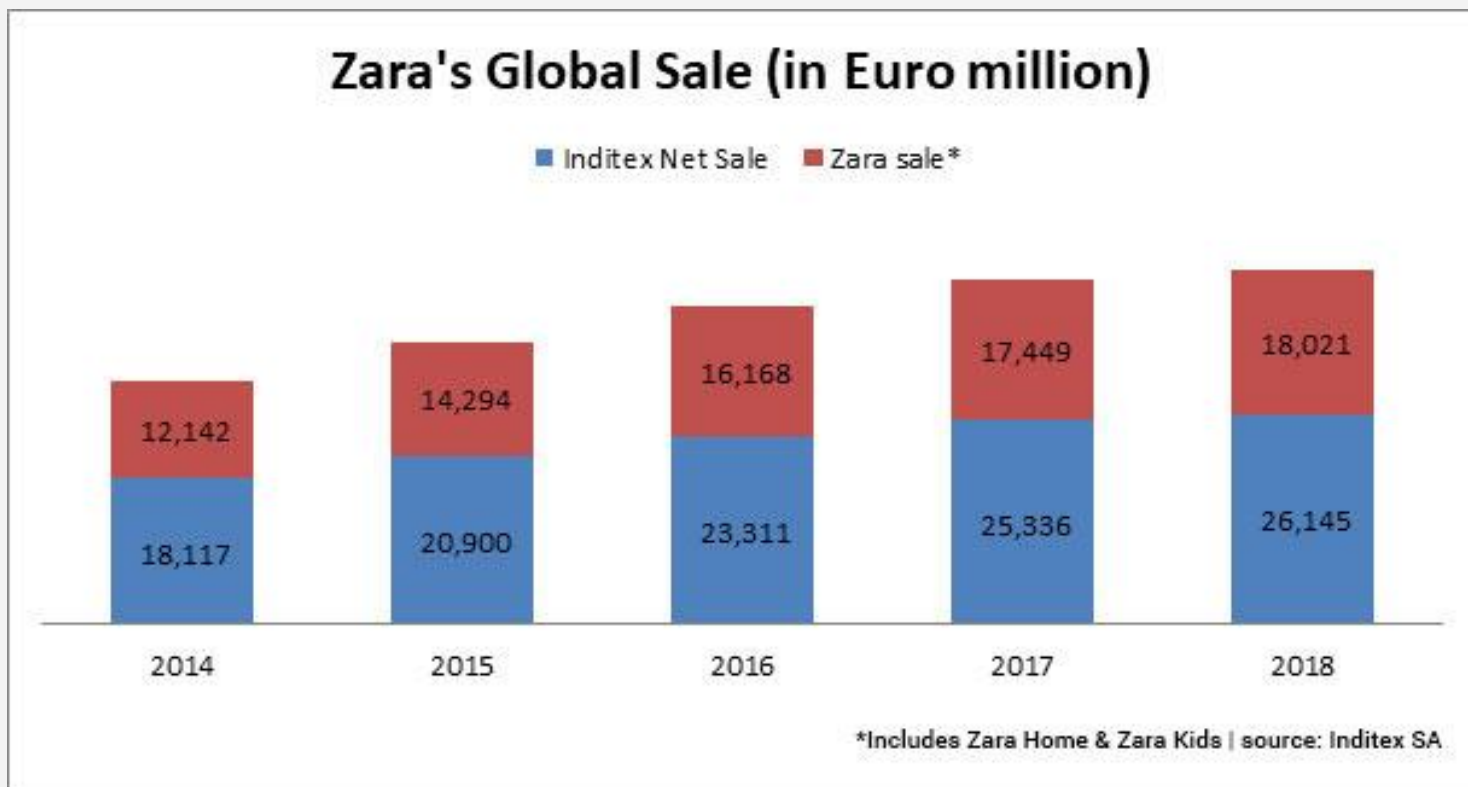


# Zara SWOT Analysis

## SWOT ANALYSIS OF ZARA



# Zara Revenue

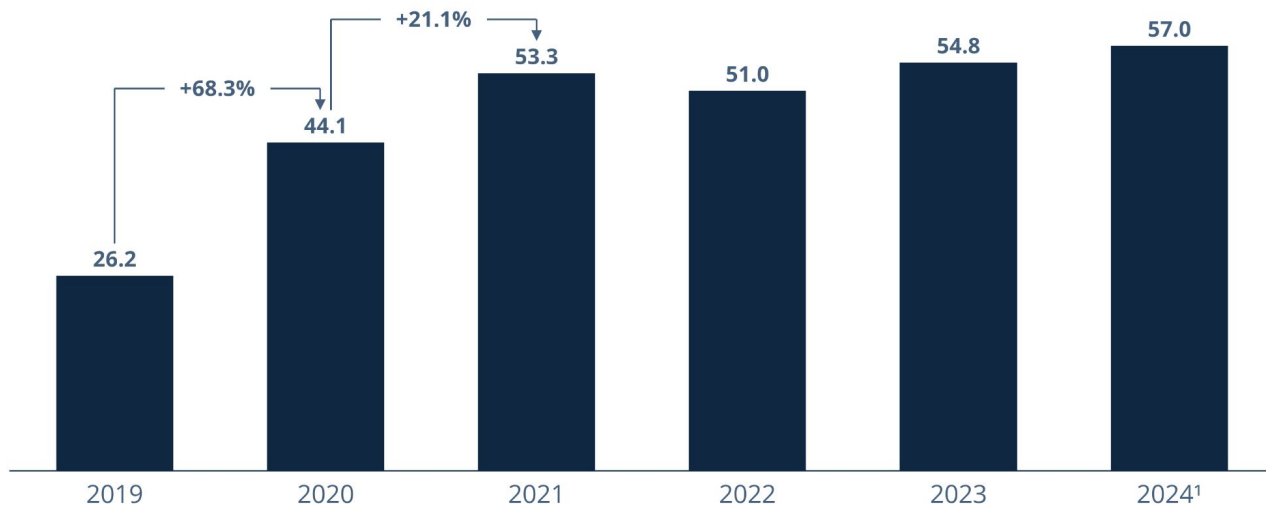




# Zara Revenue

## ZARA.COM ECOMMERCE NET SALES DEVELOPMENT, 2019-2024

in billion US\$



Notes: (1) Forecast.  
Sources: ECDB.

**ECDB**



# Business Lessons

- To sell high margin products, find the instrument of status in your personal life.
- Thin line between what your customers want vs what you think they want.
- For Zara customers, quality is secondary. Their priority is design, variety and priority.

# Business Lessons

- While everybody in this world learns how to see, very few learns how to observe.
- That's the difference between ordinary and extraordinary business strategists.