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Zara Fashion Analysis Blog

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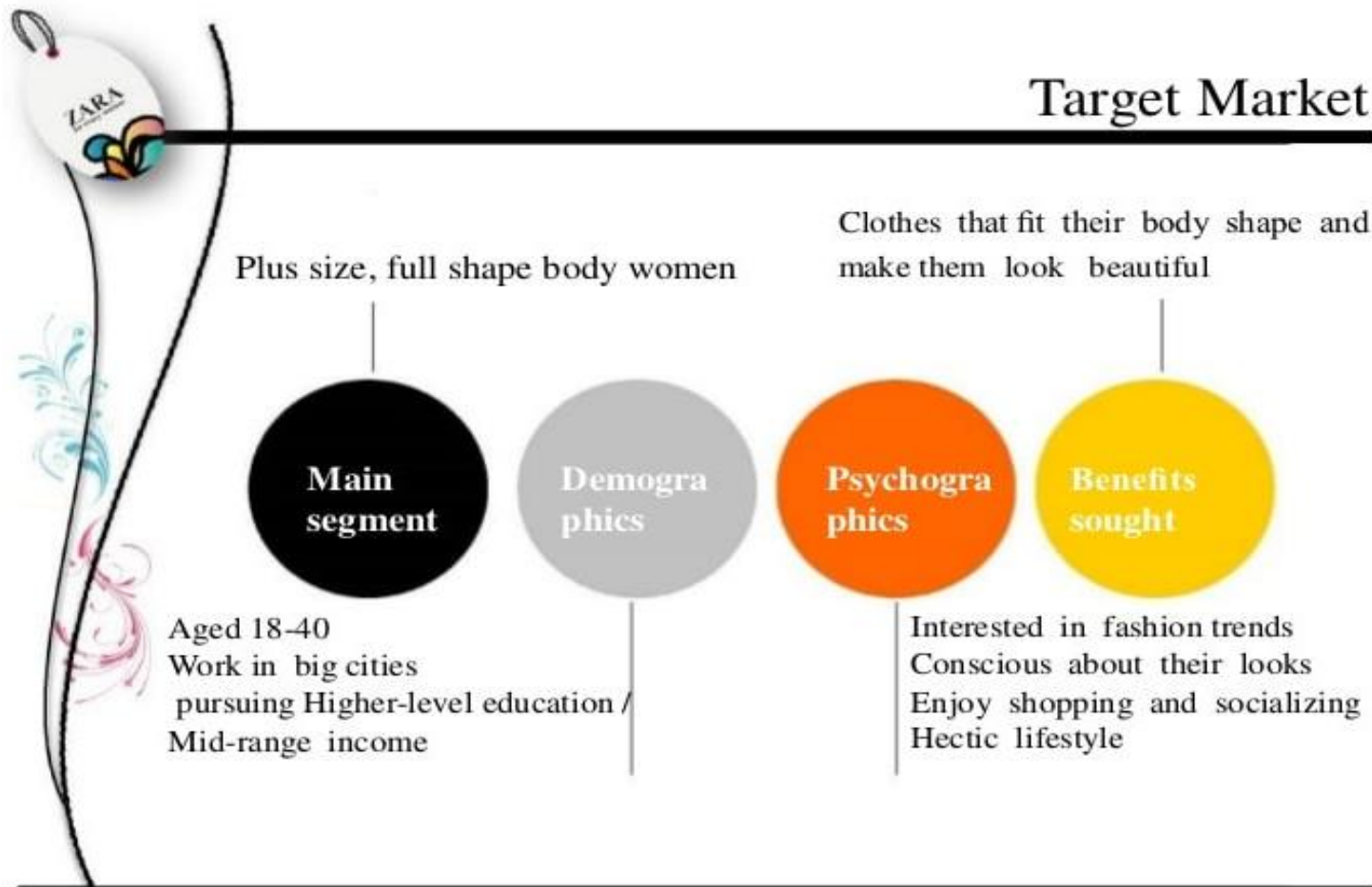
Introduction

Zara is a leading global fashion brand operating in different countries across the globe. The primary tool applied to conduct the company's situation analysis using the PESTEL analysis that focuses on the external factors affecting the brand's operations and success. The blog further highlights how the company has managed to perform marketing segmentation, targeting and positioning in an effort to adhere to the market needs and demands. The company operates in a competitive environment where it faces stiff competition from other companies such as Chanel and Gucci. Using the Porter's five forces analysis, the blog highlights how each factor has affected the company and how Zara has handled each factor. There is also an analysis of the internal environment of Zara Fashions using the SWOT analysis. The marketing mix of the company has been discussed whereby four elements have been discussed: product, price, place and promotion. Lastly, the company's performance has been highlighted based on how they were affected by the covid19 pandemic.

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Zara's segmentation is based on three main aspects. They include geographic segmentation, demographic and physiographic segmentation. Geographically, the company is located in different regions across the globe. In most cases, the company usually establishes its stores in

busy and highly populated areas (Willems et al, 2012). Through this, the company is able to obtain more customers especially walk-in customers who will purchase the products. Zara also applies demographic segmentation where it offers quality fashions for men, women and children of ages between 15 and 45. The company focuses mainly on middle class social group with an average income as it offers high quality products at a lower cost compared to its competitors such as Channel. Physiographic segmentation is applied by the company based on the fashion trends, tastes and preferences of its customers.



Zara fashions applies niche marketing strategy whereby it focuses on a specific group in the market aged between 18-45 years who are passionate about the latest trends in fashion. Through this, the company is able to address and adhere to the needs of its customers thus addressing their needs. The company is able to easily concentrate on this group through effective communication and can establish the changing trends and behaviour of its customers. In this way, the company carries out focused promotion for its products for the particular group.

The company mainly uses pricing positioning strategies whereby they all focus on providing consumers with high quality products at low prices which are affordable by the customers. Its customers are mainly middle class with medium to low income levels. Therefore, this has

resulted to attracting more customers in the market to purchase the company's products. Having a well-designed segmentation, targeting and positioning at Zara has enhanced communication and relationship between the company and its customers (Oliveira, 2014). The company is able to find the most appropriate means and channels of communication for its target group in the market.

Blog 2: Zara marketing mix

Product

The company has a variety of products ranging from men's clothes, women and kids wear. The company also stocks different products such as bags and other accessories. The company delights in introducing at least 10000 new designs for its customers in every year (Mayrhofer and Roederer, 2016). This is done in an effort to come up with as many products as possible to satisfy the needs of the market. The products are uniquely designed using intensive and sophisticated technology which results to high quality products that are suitable for the market. The high quality of Zara products has made the company gain a competitive in the market whereby customers are able to choose these products from the market instead of the competitor products.

Price

Pricing for Zara Fashions is favourable and very affordable. The company mainly uses value-based pricing strategy in which its products are priced depending on the customers' value perception of the product. The company incurs less costs in carrying out promotions and advertisements for its products. Therefore, with low pricing, the company is able to attain its profit margins. The company is known globally for its quality products hence the customers are willing to pay the respective prices indicated for the products.

Place and distribution

The company has about 2000 outlets that are distributed in different regions worldwide. The company displays its products in these outlets where customers walk in and make purchases of their choice. The company also operates an online store where customers interact with the company virtually to purchase different products. Moreover, it has established other online shopping platforms such as Amazon and e-bay where customers can visit and do shopping for their preferred products. The company's supply chain is unique in such a way that there is easy coordination of operations between the house designers and the research department which provide relevant information on the current market trends. As a result, the designers are able to design appropriate products to meet the demands of the customers.

Promotion

Zara does not spend much resources to advertise its products. However, it mainly applies personal selling techniques to boost its overall sales. The company schedules a certain period every year whereby it offers great discounts and offers to its customers whereby customers from all over the world wait eagerly to make purchases (Zara Fashions, 2021). Apart from that, the company also utilizes its social media platforms to market its products and reach out to new

markets. The company strongly believes that investing in good quality products will attract more customers hence no need to spend money in advertising.

Blog 3: Zara Fashions PESTEL analysis

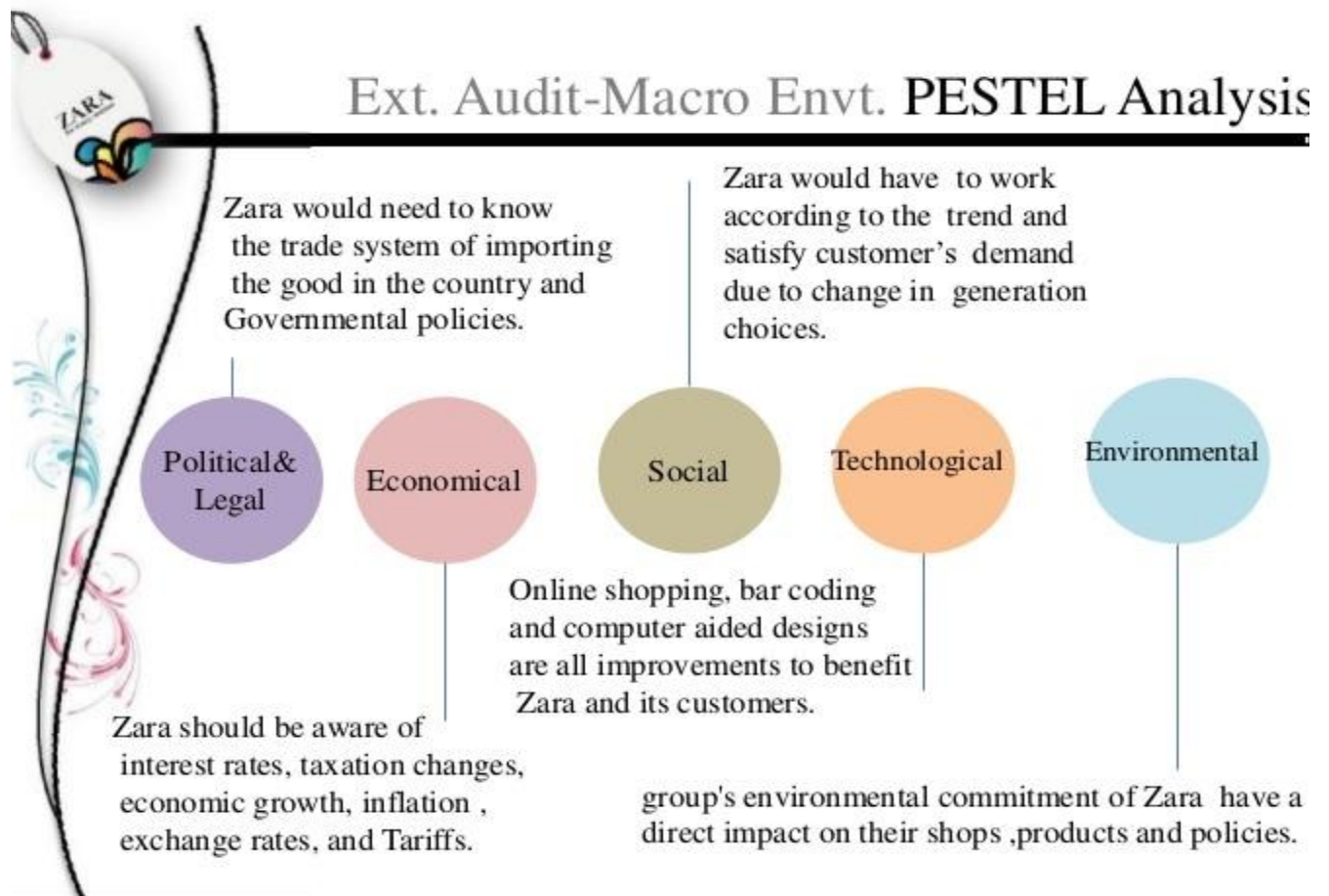
Politically, the company operates in different countries across the world. Before establishing a new store in any country, the company undertakes a thorough research about the country. The company has to ensure that the country is politically stable and there is peace which will boost the operations of the company. Zara also ensures that it opts for the countries which encourage foreign investors by issuing the foreign businesses with discounts and other unique deals. The company is a Spanish brand and it enjoys the many privileges that come along with the trade agreements the country has with the rest of the countries in the European Union.

The company incurs low costs of labour since the country has high rates of unemployment. Therefore, the labour available is offered at very low costs which the company enjoys. The company is therefore able to cut down on its costs and improve its profit margins. The company is also operating in other countries such as the United Kingdom whereby the economy is rapidly growing at a faster rate. As a result the economy is able to provide greater opportunities for growth to the company. The company is able to find new market opportunities in the world of fashion which may profit the company even more.

Socially, the company offers products that are after the behaviour of the customers, changes in their attitudes and behaviour. The company mainly targets middle aged population that is interested in the latest fashion trends at the market. Through its effort to prioritize the customer needs, the company is able to record profits since it attracts many customers. The quality of its products has also attracted many customers to purchase the products since it has a strong marketing brand.

Zara applies the latest and advanced technology in running all operations at the company. From the production process to marketing and following up customers, the company always applies technology. The company operates online stores where it has designed a responsive and functional website that gives the customers an opportunity to view products, make purchases and pay for the products. It also applies technology in the management of the company's data and in ensuring the data stored is secure. Different technologies are applied in the analysis of data and protection. The analysis is essential in the decision making process.

Environmentally, the company has ensured that it uses energy that is environmentally friendly. The company aspires to fully use renewable sources of energy by 2024 to avoid ruining the environment (Ha, 2021). The company also indicates that it wishes to construct a recycling plant where it will have all the non-biodegradable materials recycled to reduce the threat it poses to the environment. During production, the company usually uses organic materials such as cotton that is used to produce the high quality products it sells. Therefore, the company has played a huge role in the conservation of the environment.



Blog 4: Zara Fashions Porter's five forces

Zara is one of the leading brands of fashion line operating in a stiff competitive environment which it is coping successfully. Based on Porter's five forces model, the company is affected by the five forces in the market which it has been able to mitigate and cope amidst of the competition. These factors include threat of new entrants, threat of bargaining power by suppliers, threat of bargaining power of buyers, threat of substitute goods and rivalry of existing players in the industry.

Threat of new entrants into the market in the fashion industry is likely to discourage businesses from operating and it is essential for every organisation to find out the best strategies to use to counter this threat. Zara has ensured that it carries out a comprehensive research on how to produce high quality products that will satisfy the needs of the customers. As a result, the company provides its customers with high quality products at very low prices which are affordable. The prices for Zara products are so low that new firms in the industries cannot make profits if they offered the same quality at lower prices.



The threat of bargaining power by suppliers is strong because there are many risks and costs involved when switching from one supplier to another (Trehan and Mehta, 2014). Therefore, Zara has ensured that it issues licensed contracts to its suppliers so that the suppliers will have no room to alter the terms and conditions but rather stick to the original conditions.

To counter the threat of bargaining power of customers, the company has been consistent in the quality of products it offers and the prices offered. The quality is high and offered at very low prices. Therefore, this has helped to win customer loyalty in the market which has tremendously increased the company's sales.

There are many companies existing in the industry which pose a threat to Zara. Brands such as Hugo Boss and Channel pose a big threat to the company since their products are quite expensive and are perceived to be of higher quality than Zara's. The company has therefore ensured that it undertakes a market research to find out the existing needs of the customers so that they can win a competitive advantage over the competing companies.

Blog 5: Zara Fashion's SWOT analysis

Strengths • Operating globally with both physical and online stores • Strong brand name and image • Competitive and affordable pricing • Quality products and good customers services • New designs to match the market trends and demands	Weaknesses • Limited advertising by the company • Limited market share due to stiff competition in the market • Perception that the brand is expensive
Opportunities • New markets in the global space • More efforts on online marketing and ecommerce opportunities	Threats • Stiff competition from other companies such as Channel and Gucci • Consumer changing behaviour and attitudes

• More segmentation to address all the needs of different customers	• Economic downturn • Coronavirus disease impacts
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Blog 6: Effect of covid19 pandemic on Zara fashions

The covid19 pandemic struck the world immensely causing havoc and many businesses counted losses since the disease had never been witnessed before and no one was prepared for it. Everyone was expected to manage a situation that was completely new and strange. Therefore, Zara was not any different since it also incurred losses during the pandemic. All the physical stores were closed down following the regulations put forward by the government to manage the virus. The only way for running the business was through online but still there was a big challenge when it comes to the delivery of these goods to the customers since there were travel restrictions that were imposed. These travel restrictions and lockdown also barred the movement of ships and planes from one region to another. Consequently, this affected the supply chain of the company since the raw materials could not be fetched as well as the final products could not reach to the final consumer.

Moreover, the pandemic hit hard and affected different economies across the globe. Many people lost their jobs leading to lack of income. Therefore, this reduced their purchasing power and could hardly afford the company's products. The pandemic also shifted the behaviour of different consumers which did not favour the products at Zara. Due to travel restrictions and lockdown, individuals were forced to stay indoors and most of their priority was food – a basic need- thus not favouring the purchase of the products at Zara Fashions. This was because the pandemic resulted to a financial crisis globally limiting the customers on what they could purchase. However, the company is slowly picking up again incorporating new measures that would help manage the virus.

Conclusion

It is healthy for businesses to undertake regular situation analysis in order to understand their environment, their performance, and possible opportunities. By establishing this, they are able to make sound decisions that can help propel the business and its performance. Moreover, using various tools for analysis help an organization to ensure that it helps employees remain focused and achieve the business goals and objectives on time. It is also important to be aware of the prevailing market trends in the market and the changing consumer behaviour so as to establish the arising needs immediately they arise and find out how well to address these needs to attain customer satisfaction. Through situation analysis, businesses are able to understand their environment both external and internal and tell their strong areas they should capitalize on and the weak areas they need to work on in order to improve on their performance.

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